**Weekend FT**

**Inside Section II**
**20 pages**

## The voyage of the damned

In 1700, Walter Prideaux set sail for Africa as a seaman on a slaver. His log tells a harrowing tale of his year at sea on a ship of death. ....................................... Page I

## Mantegna miracle

An exhibition of the work of an extraordinary Renaissance painter and his great contemporaries ................................ Page XVIII

## The top ten pistes

From Aspen to Zermatt: the best ski resorts in the world ........................................ Page VIII



EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

FT No. 31,661



Weekend January 18/January 19 1992

D 8523A


WORLD NEWS

## Pace of global warming may be slower than thought

The pace of global warming – the greenhouse effect - could be 20 per cent slower than originally estimated, according to a report agreed by an international panel of scientists this week.

The revised figures, the scientific working party of the Intergovernmental Panel on Climate Change, means that the original prediction of a 1 deg C increase in global mean temperature by the year 2025 could be delayed until 2030. Page 2

**Yugoslav army pledge**

A Yugoslav general has insisted the federal army will not withdraw from Serb-controlled regions in Croatia, in contradiction to the United Nations plan for the deployment of peacekeepers there.

**Saddam concedes defeat**

Saddam Hussein finally conceded defeat in the Gulf war but served notice he intended to rebuild his once-powerful military machine and again make Iraq a leading Arab power.

**Algerian clampdown**

Algerian government forces tightened their clampdown on the country's Islamic Salvation Front, surrounding an Algiers mosque during prayers and manning road blocks on routes into the city. Page 3

**Anglo-Irish talks end**

The British and Irish governments said there was little hope of reviving the stalled all-party talks on Northern Ireland before the next UK general election. Page 4

**Shamir talks pledge**

Israeli prime minister Yitzhak Shamir pledged to continue Middle East peace talks in spite of the imminent collapse of his coalition government. Page 3

**Firebombs found**

Two firebombs which partially ignited but fizzled out after being planted "possibly months ago" were discovered by the landlord of the Marquis of Granby pub in Shaftesbury Avenue, in the West End of London.

**US aid promised**

US secretary of state James Baker pledged that his country would help rebuild war-torn El Salvador but told Salvadoreans the success of the peace accords rested with them.

**Lottery plan fails**

An attempt to set up a national lottery failed in the Commons – but the government promised to "examine further" the issues that a lottery would raise. Page 4

**Radio 3 chief named**

Nicholas Kenyon, music critic of The Observer, has been appointed controller of BBC Radio 3. He succeeds John Drummond who has become Director of the Proms.

**Golf haul**

A golf ball sold for more than £6,000 at a Phillips auction in Chester. Experts believe the ball, made around 1850, is a "missing link" in the game's history because it was previously unrecorded.

**Natal deaths**

Seven people, including five members of one family, were shot dead in a black village in South Africa's Natal province, police said. A spokesman said a two-year-old infant was among those killed.

BUSINESS SUMMARY

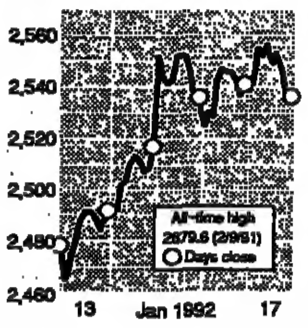
## Frankfurt considers electronic trading

The Frankfurt stock exchange, the largest in Germany, is considering plans for a fully electronic trading system by the middle of the decade, a move which would transform Germany's financial markets. Page 22

LONDON EQUITIES: Profit-takers made their expected appearance in the UK stock market yesterday, but the broad range of shares held on to gains made this week. The

**FT-SE 100 Index**

Hourly movements




FT-SE 100 Index closed at 2,536.7, down 4.9. This week brought a gain of around 2.4 per cent overall. Page 13; Weekend, Page II

INTERNATIONAL Business Machines, world's largest computer manufacturer, reported a $2.8bn (£1.6bn) loss for 1991, its worst-ever performance. Losses included a $3.4bn restructuring charge, while IBM suffered its first post-war annual revenue decline with worldwide revenue of $64.8bn, down 6.1 per cent. Page 10

US trade deficit tumbled to its lowest level for more than eight years in November as recessionary forces curbed demand for imports. Page 2

GRAND Metropolitan, drinks, food and retailing group, is to sell its 20 per cent stake in Rémy Martin and Cointreau, the French cognac and liqueur companies, acquired two years ago for £100m. Page 8

SALOMON, US securities house, expects to report a $30m after-tax loss for the fourth quarter of 1991, surprising Wall Street analysts.

GROLSCH, Dutch premium lager brewer, is negotiating the takeover from Courage of Ruddles, one of the UK's most famous brewers of real ale in a deal that could be worth £40m. Page 22

PARIBAS shares fell more than 7 per cent yesterday as the French investment bank said it would have to make about FFr800m-worth of provisions (£82.6m) in its 1991 accounts to cover the risk of losses on loans to Maxwell private companies. Page 8

SOUTH African government, under political pressure to raise social spending, will ask parliament next month to approve a substantial additional budget. Page 3

NATIONAL Lottery: The government declined to back a national lottery bill thereby putting the scheme firmly on the backburner. Page 4

DASSAULT Aviation, French maker of business and military jets, has launched a bid for Cessna of the US, the world's leading supplier of medium-sized business jets. Page 10

TOURISM: Investment in new tourist facilities in England fell to £873m last year, the lowest since the mid-1980s. Page 4

# Ulster bomb explosion kills at least seven

By Our Belfast Correspondent

AT LEAST seven building workers were killed and a further seven badly injured in Northern Ireland last night in one of the worst terrorist atrocities in the province in recent years.

The bombing incident, which ripped a van apart, bore all the hallmarks of the IRA and follows a series of warnings that terrorist activity is set to increase, both in Ulster and on the UK mainland.

In particular, the IRA said two weeks ago that it intended to step up its military activities in Ulster in 1992 as a means of preventing effective political talks on the future of the province between the UK and Irish governments and between political parties in Northern Ireland.

The failure so far of efforts by Mr Peter Brooke, Northern Ireland Secretary, to stimulate meaningful cross-party dialogue ahead of the UK general election has enabled the terrorists to thrive in a political vacuum.

Early reports of the bombing, which was heard 10 miles away, suggested it was caused by a culvert bomb, a favoured IRA device, set off by a control line. The incident happened near a crossroads on the main Omagh to Cookstown road near the largely Republican village of Carrickmore in County Tyrone.

The construction workers were travelling home from a building site and it was thought that they could have been working for the government or security forces. The IRA has said it intends to target workers it regards as collaborators.

The Rev William McCrea, Democratic Unionist MP for Mid-Ulster said after visiting the injured in hospital that he had no doubt it was "a deliberate massacre" planned by the IRA. He claimed the victims had been working at a security forces base in the area and had been "mercilessly slaughtered" because of this.

Mr McCrea called for an all-out military offensive against the terrorists, free from political interference

The deteriorating security situation in the province is certain to lead to similar calls from other Ulster politicians. Earlier this week the Democratic Unionist party led by Mr Ian Paisley called for a 50,000 strong force of civilians to be recruited part-time to combat growing IRA terrorism.

The proposals were presented to Mr Brian McWhinney, minister in charge of security, when he met the party's three Westminster MPs to discuss the IRA's latest offensive.

Mr Brooke's efforts to reconvene the peace talks are being stalled by Unionist wishes to await the outcome of the UK general election before committing themselves.

# One in five faces tax rise under Labour says study

By Philip Stephens and Ivo Dawnay

AN INDEPENDENT analysis showing that Labour's proposed National Insurance changes would push up the bills of one in five households in London and the south-east yesterday fuelled an intense Conservative attack on opposition tax policies.

The government's strategy of shifting the general election battleground to issues such as tax, spending and economic competence suffered a setback, however, from official figures showing higher public borrowing and another rise in inflation. The borrowing figures underlined the problems that Mr Norman Lamont, the Chancellor, faces in finding the money for the tax cuts that cabinet colleagues now see as an essential ingredient in a pre-election Budget.

The headline inflation rate rose from 4.3 per cent in November to 4.5 per cent in December, prompting a strong Labour attack on the Government's economic performance.

But at the end of a frenetic week in which Labour confusion over tax policy gave the Conservatives the campaign initiative, the Institute for Fiscal Studies highlighted the potentially damaging impact of Labour's planned abolition of the present ceiling on NI contributions.


Labour gambles on the numbers game........Page 4
PSBR ........................Page 22


In a report that did much to explain why Mr Neil Kinnock had earlier in the week said that he was ready to phase in the change, the IFS calculated that 20 per cent of households in London and 18 per cent in the south-east would pay more if the ceiling of £20,280 were removed.

Across the country 11.8 per cent would lose. The IFS also agreed that if pensioners and the unemployed were excluded from the calculations, the proportion of losers would be significantly higher.

The IFS – an independent think-tank – praised the economic logic behind the Labour policy. It also produced detailed figures to show that if the party's planned increases in child benefit and pensions were set against the abolition of the NICs ceiling, there were many more gainers than losers. Labour seized on a calculation which suggested that across the country 46 per cent would gain and only 8.7 per cent would lose if the package was considered as a whole.

However, the report confirmed that the losers would be heavily concentrated in a swathe of marginal constituencies in London and the south-east which Mr Kinnock must win if he is to form a government after the election expected in April or May. It also suggested that the voters most affected would be the relatively affluent 35 to 44 year-olds which Labour needs to win back from the Conservatives in those areas.

As the IFS figures came under the spotlight, the Conservatives launched a document entitled Labour in Limbo. Mr Chris Patten, the Tory chairman, said the party was "stuck in a no man's land" between the socialist policies it had abandoned and a coherent vision of the future.

Mr Roy Hattersley, Labour's deputy leader, tried to shift the focus to his party's commitment to raising Child Benefit, and said increases would make 7m families better off.

Boris Yeltsin listens to defence minister Yevgeny Shaposhnikov at a meeting of 5,000 military officers in Moscow. Shaposhnikov appealed for the preservation of the armed forces as a unified body despite the break-up of the Soviet Union. Page 22

# Halifax to set new charges

By Scheherazade Daneshkhu and David Barchard

HALIFAX, Britain's largest building society with 3.6m savers, is to charge some customers for each withdrawal from their savings accounts, including instant access, if they have a low balance.

The move comes as banks and building societies act to impose charges on millions of their personal customers to offset the squeeze on their profitability caused by the recession.

National Westminster Bank wrote to its 3.5m Access and Visa credit card customers this week informing them that from April 1 they will have to pay for several services which until now they have probably taken for granted.

Halifax, which made pre-tax profits of £583m last year, said it would send letters to individual customers "where appropriate" to inform them of the change on February 1. It was not clear if the move would apply to children's accounts. Halifax staff were informed of the policy on Thursday.

One customer with a low balance in an Instant Extra Account was told she would be allowed two free withdrawals from her instant access account every month – subsequent withdrawals would incur a 60p charge. There would be a fee levied on customers with a balance of less than £50. The Continued on Page 22

# Government hastens to tighten pensions fund law

By Alison Smith and Richard Donkin

THE GOVERNMENT is to bring in legislation in the next fortnight to tighten the law on the use of pension funds by employers for investment in their own or related companies.

The measures on self-investment are being hastened through in the face of mounting pressure from MPs and a number of pensions organisations after the disclosures that as much as £400m may have been plundered from six Maxwell company pension funds.

The regulations, which will become effective by the end of next month at the latest, will reduce self-investment to 5 per cent of a pension fund's resources.

Schemes currently above the 5 per cent limit will be required to cut their level of self-investment, but only for certain types of investment. Two years will be allowed to unload loans and equities listed on the stock exchange and five years for equities traded on the unlisted securities market.

Most small self-administered schemes and individual insured schemes will be exempted from the regulations in cases where written agreement by all the members is provided to each act of self-investment. Where schemes currently have holdings of property or equity in private companies, they will not be required to take action to disinvest, but no further self-investment will be allowed.

The property exemption from divestment is designed to avoid further damage to the depressed property market.

While the new restrictions will be welcomed, they are certain to mean that Mr Tony Newton, the social security secretary, is pressed to bring in broader controls to strengthen pensions and trust law.

Some organisations representing employees have argued that government concern in recent years has been weighted on the side of employers seeking ways to utilise surpluses in pension funds. The surpluses accumulated during the '80s in a strong investment market while possible beneficiaries were diluted by redundancies.

Mr Newton faced calls yesterday from Mr Michael Meacher, the shadow social security secretary, to safeguard the pension funds of companies in liquidation by using their assets to protect their pension funds. There are also likely to be renewed demands for action from the all-party social security committee of MPs.

The Department of Social Security is already considering a proposal put by Mr Frank Field, the Labour chairman of the committee, in a letter to Mr Newton, to initiate a system of self-regulation of pension funds. In addition the National Association of Pension Funds is lobbying for equal representation between employers and employees on funds with independent trustees in some cases.



## MARKETS

**STERLING**
**New York lunchtime:**
$1.777
**London:**
$1.7765 (1.7605)
DM2.855 (2.85)
FFr9.73 (9.7125)
SFr2.5275 (2.53)
Y226.5 (225.75)
£ Index 90.4 (90.0)

**GOLD**
**New York Comex Feb**
$354.5 (357.0)
**London:**
$356.35 (357.65)

**N SEA OIL (Argus)**
Brent 15-day Mar
$18.075 (17.95)

Chief price changes yesterday: Page 22

**DOLLAR**
**New York lunchtime:**
DM1.6085
FFr5.4875
SFr1.4235
Y127.25
**London:**
DM1.607 (1.6185)
FFr5.4775 (5.5175)
SFr1.4225 (1.437)
Y127.45 (128.3)
$ Index 62.7 (63.4)
**Tokyo close:** Y127.95

**US LUNCHTIME RATES**
Fed Funds: $3\frac{5}{8}$%
**3-mo Treasury Bills:**
3.859%
**Long Bond:**
$104\frac{1}{32}$
yield: 7.643%

**STOCK INDICES**
**FT-SE 100:**
2,536.7 (−4.9)
**FT-A All-Share:**
1,213.08 (+0.1%)
**FT-SE Eurotrack 100:**
1,135.24 (+4.22)
**New York lunchtime:**
DJ Ind. Av.
3,254.47 (+4.92)
**S&P Comp**
417.38 (−0.83)
**Tokyo: Nikkei**
21,321.37 (−290.82)

**LONDON MONEY**
**3-month interbank:**
$10\frac{11}{16}$% (same)
**Little long gilt future:**
Mar $97\frac{5}{8}$ (Mar $97\frac{7}{32}$)

## CONTENTS




*UK Stock Market Report 0836 430001; FOREX 0836 430003; Bullion 0836 430005; UK Company News 0836 430002. Calls charged at 36p/minute cheap rate, 48p/minute at all other times. To obtain a free Cityline Share or Unit Trust directory, ring (071)-925-2128*

Austria Sch30; Bahrain Din1.000; Bermuda $1.50; Belgium BFr60; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr8.00; Germany DM3.30; Greece Dr250; Hong Kong HK$16; Hungary Ft162; Iceland IKR70; India Rup20; Indonesia Rp3,800; Ireland I£0.90; Israel NS5.50; Italy L2500; Japan Y500; Jordan JD1.20; Korea Won 2500; Kuwait Fils.500; Lebanon £L1250; Luxembourg LFr60; Malaysia Rm4.50; Malta 45c; Morocco Dh11.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.20; Pakistan Rs36; Philippines Pso 45; Poland Zl 16000; Portugal Esc180; Qatar QR10.00; S.Arabia Rls9.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Taiwan NT$85; Thailand Bht60; Tunisia Din1.000; Turkey L6000; UAE Dh9.00; USA $1.25

# Pace of global warming may be less than thought

By John Hunt, Environment Correspondent

THE PACE of global warming – the greenhouse effect - could be 20 per cent slower than originally estimated, according to a report agreed by an international panel of scientists this week.

The revised figures have come from the scientific working party of the Intergovernmental Panel on Climate Change (IPCC). The panel was set up by the UN to draw up climate change figures for next June's Earth Summit on environment and development in Rio de Janeiro.

The new assessment means that the IPCC's original prediction of a 1 degree Celsius increase in global mean temperature by the year 2025 could be delayed until the year 2030.

The revision has largely been made in the light of new studies of the amount of sulphur in the atmosphere which cools the Earth's surface and offsets the greenhouse effect.

But the working party emphasises that there is still great uncertainty on the subject and sulphur may have only a transient effect.

If the amount of sulphur in the atmosphere is reduced by cleaner industrial methods, the pace of warming could speed up. In that event a 1 degree rise could still take place by 2025.

The depletion of ozone in the stratosphere has also offset global warming. Concentrations of other greenhouse gases such as methane from rice paddies and halogens used in fire extinguishers have slowed down.

However the concentrations of other greenhouse gases have continued to grow or remain steady. "The anomalously high global mean temperatures of the late 1980s have continued into 1990 and 1991, which are the warmest years on record," the report warns.

The results do not change the main thrust of the original IPCC 1990 science report, which was described by Mrs Thatcher as "an authoritative early warning which we ignore at our peril".

Global warming, largely as a result of carbon dioxide from fossil fuels – including coal – is still taking place at a rate which threatens the planet with rising sea levels and drastic changes in the weather pattern.

Over 300 scientists worldwide contributed to the latest study, which was completed at a meeting at Guangzhou, China, this week.

# Russians bow under transferred prices burden

## Neil Buckley sees living standards collapse as subsidies end and market forces fail to breach the gap

WHEN Russian president Boris Yeltsin was confronted in the city of Bryansk this week by protesters complaining about the high cost of sausage, he gave the instinctive reaction of a former communist. He accused the manager of the sausage factory of sabotage and ordered his dismissal.

The incident highlights both the depth of unpopularity of the price liberalisation undertaken by Russia and other former Soviet republics earlier this month, and the difficulty of adjusting to a market economy for a people that has known only a state-controlled economy for 70 years.

The price rises have become a national obsession in Russia. This week, they have haunted Mr Yeltsin at every step.

Mr Yegor Gaidar, Mr Yeltsin's deputy prime minister responsible for managing the economy, argues that the move is "unavoidable", to reduce Russia's budget deficit by removing the huge, and ever-growing, burden of subsidies that the government has paid on goods.

"This measure was not adopted because we thought it would lead to a blossoming of the economy or because we thought the shops would be full," he said, "but because, in the present situation, we had no other room for manoeuvre."

Getting that message across to the Russian people, as their living standards plummet, is not proving easy.

**Japan will give Russia and other former Soviet states Y6.5bn through the International Red Cross, foreign minister Michio Watanabe said yesterday, writes Our Foreign Staff.**

**Most of the humanitarian aid would go to Russia to improve supplies of food and medicine. The grants will be disbursed by the end of March and are timed to coincide with a conference to co-ordinate help for the Commonwealth of Independent States in Washington next week.**

**In Lisbon, Mr Roland Dumas, the French foreign minister, called for a conference in Europe to follow up the Washington meeting. Portugal, holder of the EC presidency, said the conference could take place in March or April.**

Mr Valentin Pavlov, then Soviet prime minister, first imposed administrative price rises of 300 to 500 per cent on many goods last April. A fall in production, and panic buying in expectation of further rises, contributed to an inflation rate for the year of 200 per cent.

The combined effect of this and the recent price liberalisation has been that many goods have increased in price by between 10 and 50 times in less than a year. The average wage, meanwhile, has scarcely doubled, although wages were freed along with prices and are expected to rise.

For the first winter since the Second World War, large sections of Russian society are threatened by real poverty.

Under the headline "We are now living as we did 45 years ago, and perhaps worse" the newspaper Nezavisimaya Gazeta this week quoted statistics showing that even before price liberalisation the standard of living in Russia had dropped to 1946 levels.

What the paper calls the standard-of-living index, or the relationship of the average wage to prices for a range of goods, has suffered a four-fold drop in the last two years.

The cost of feeding a family of three children for one day is calculated to have risen from Rbs2 in 1985, to Rbs18.6 in 1991.

Examples of the prices being paid by Russians for basic goods this week are shown in the table. Their severity can easily be appreciated by comparing them with the average manual workers' wage – around Rbs380 a month at the beginning of January.

As the temperature plunged below minus 15 in south-west Moscow this week, 150 mainly elderly people queued in the snow for an hour or more to buy milk at almost 10 times its old price. A little old woman hobbled out of the shop with a jar of smetana (sour cream) for which she had paid Rbs14. Three years ago the same jar cost 27 kopecks – there are 100 kopecks to the rouble.

"It's not worth going shopping with less than 1,000 roubles in your pocket," one woman commented. Another drew grunts of approval from the crowd as she recalled Stalin's time, when goods were cheap and queues were short. "Yes, we lived well under Stalin," she sighed.

The price rises are not confined to basic food or clothes. The cost of a return air ticket from Moscow to London has risen from around Rbs2,000 to Rbs57,000. The economy fare to New York is now Rbs96,000 – or more than 20 years' average wages.

There have, however, been reports from cities such as Yaroslavl and Novosibirsk of prices falling after shops returned goods to the producers because they failed to sell – the first, fleeting signs of market forces.

But ordinary Russians are not the only ones complaining. Some economists – even those who supported market reforms in the Gorbachev era – have been highly critical. Mr Nikolai Petrakov, a former economic adviser to the Soviet president, wrote in Moscow News that it was "obvious that the reform process just begun has not been duly prepared, either methodologically or organisationally... Such experiments demonstrate only contempt for people."

Market forces, the critics say, cannot really start to operate when so much of the old system is still in place. Most state shops must still purchase their wares from appointed "wholesale" centres, or *bazy*. They are permitted to add a mark-up, limited to around 25 per cent, out of which they pay their costs and workers' salaries.

The *bazy* purchase from the producers – such as factories and state farms – who also rake off a limited percentage.

It is, therefore, the producers who bear most responsibility for the level of prices, and until producer monopolies are broken, the scope for price reductions is limited.

There may be some, however. In his speech to the Russian parliament on Thursday, Mr Yeltsin attacked producers for taking excessive profits, sometimes of 200 to 300 per cent. He promised to limit profit margins of enterprises to 50 per cent, and to speed up privatisation.

Mr Gaidar accepts the criticisms of his reform. But he is probably justified in his claim that the need to cut the state budget outweighs all others.

However, price liberalisation is only the first step on a very long road. If it is to travel that road successfully, Russia will need all the help it can get.

**TYPICAL RUSSIAN PRICES THIS WEEK**
**Moscow**

| Item | State shops (In Roubles) | Free market (In Roubles) |
|---|---|---|
| Bread | | |
| White | 1.92 | n/a |
| Brown | 2.10-2.36 | n/a |
| Milk (litre) | 1.95 | 30-50 |
| Butter (kg) | 51 | n/a |
| Eggs (10) | 16 | n/a |
| Sour cream (kg) | 56-84 | 120 |
| Cheese (kg) | n/a | 100-150 |
| Sausage | 69-264 | n/a |
| Beef (kg) | *44 | 60-150 |
| Chicken (kg) | 37-50 | 120-200 |
| Potatoes (kg) | 2.50-4 | 5 |
| Carrots (kg) | 2 | 8 |
| Cabbage (kg) | 4.20 | 15 |
| Apples (kg) | 16 | 50-60 |
| Oranges (kg) | 25-32 | 60-70 |
| Tomatoes | n/a | 80-120 |
| Pasta (kg) | 12 | n/a |

*Average wage: Rbs380 per month. Average pension Rbs342 per month. n/a = Item not on sale.*
** Minced*

# Yugoslav army 'will stay in Croatia'

By Laura Silber in Belgrade

A YUGOSLAV general has insisted the federal army will not withdraw from Serb-controlled regions in Croatia, in contradiction to the United Nations plan for the deployment of peacekeepers there.

General Andrija Biorcevic, commander of the Novi Sad corps of the federal army, swore that Serbs from Croatia would "lie on the roads" to stop the army pulling out of Croatia. Leaders of the federal army and Serbia have backed the peace plan, which calls for the withdrawal of the federal army troops when the UN forces are deployed.

Teams of UN liaison officers yesterday left Belgrade and Zagreb and headed for bases across Croatia, where they will establish communication links between federal and Croat troops. The UN says it will not deploy the planned force of 10,000 peacekeepers until there is a stable ceasefire. Croatia and the army yesterday accused each other of violating the 15th ceasefire in the Yugoslav conflict, brokered two weeks ago by Mr Cyrus Vance, the UN special envoy.

In an interview published yesterday in Borba, a Belgrade daily, Gen Biorcevic lashed out at the European Community for "destroying Yugoslavia, by recognising its fascist republics". He said: "The army is where it is because of the treason at the top of the state and in the army."

His remarks address the split in the top army ranks over withdrawal from Croatia and the demilitarisation of Serb irregular units. Admiral Stane Brovet, the deputy defence minister, yesterday repeated the army's plans to disarm paramilitary groups in Croatia. The general blamed Serbia's opposition leaders for the failure of the army to fill its ranks. The army and Serbia have denounced the recognition of Croatia and Slovenia.

"The army has no choice but to go on fighting until the victory over fascism," Gen Biorcevic said. The Serb-dominated army accuses Croatia of fascism, comparing it to the Ustashe [pro-Nazi] independent State of Croatia set up in 1941, when hundreds of thousands of Serbs, Jews and gypsies were killed.

Gen Biorcevic pledged that "the army can fight to the end for the defence of the rest of Yugoslavia, for which it has the power as well as the support of the people".

● Italian President Francesco Cossiga yesterday began the first visit to Croatia by a foreign head of state since the former Yugoslav republic won international recognition earlier this week, Reuter reports from Zagreb.

Italian officials said his visit was partly aimed at counterbalancing German influence in newly-independent Slovenia and Croatia.

● A British photographer died after being shot by a sniper near the eastern Croatian town of Osijek yesterday, doctors said, Reuter reports.

Mr Paul Jenks, who worked for the Frankfurt-based European Press-photo Agency (EPA), died during surgery at Osijek hospital shortly after he was shot in the head in the village of Josipin Dvor.


South Korean demonstrators write protests in blood during an anti-Japan rally in Seoul yesterday as Japanese Prime Minister Kiichi Miyazawa met President Roh Tae-woo. The two countries agreed to hold talks on trade co-operation but refused to cut tariffs on South Korean exports, government officials said.

South Korea had called for tariff cuts on 16 items which are exported to Japan, removal of non-tariff barriers on leather and fishing industry products and a pledge on technology transfers.

# Eight-year low for US trade deficit as imports fall

By Michael Prowse in Washington

THE US trade deficit tumbled to its lowest level for more than eight years in November as recessionary forces curbed US demand for imports, the Commerce Department reported yesterday.

The merchandise trade deficit fell to $3.6bn (£2bn), far below analysts' expectations of a shortfall of about $6bn. The 40 per cent drop from October's deficit of $6.3bn mainly reflected a 5.5 per cent decline in imports.

In a separate report, the Federal Reserve said industrial production fell 0.2 per cent in December to register its third consecutive monthly decline since the economy began to turn down in the autumn.

For 1991 as a whole industrial production fell 1.9 per cent, the first annual decline since 1982.

The University of Michigan's index of consumer sentiment was also reported to have fallen to 67.1 per cent in early January after 68.2 per cent in December, a sign that consumers remain in low spirits.

**The US plans to reduce shark fishing in the Atlantic, Caribbean and Gulf of Mexico, to try to preserve species threatened by a rising demand for shark-fin soup, George Graham writes from Washington.**

**The US National Marine Fisheries Service plans to impose commercial fishing quotas for 29 species of coastal shark, including the tiger shark, the great white shark and the hammerhead. Ten species of pelagic shark will also be protected, with particular safeguards placed around the mako shark, much sought after for its meat. Makos less than 66 inches long may not be killed.**

**US officials said overfishing had threatened the survival of some species, although none were yet listed as endangered.**

The decline in the trade deficit reflected a $2.4bn decline in imports to $41.0bn and a $0.3bn increase in exports to $37.5bn, a record in cash terms.

The deficit was running at a seasonally-adjusted annual rate of $64.7bn in the first 11 months of last year, a sharp improvement from the annual shortfall of $101.7bn in 1990. However, many economists expect the deficit to begin rising again later this year if the economy stages its expected recovery from recession.

Officals said the fall in industrial production last month partly reflected lower output from utilities because of warmer than usual weather.

The total was also depressed by a 1 per cent decline in the production of motor vehicles and parts. Overall manufacturing output, however, rose by a marginal 0.1 per cent, reflecting an increase in output of non-durable goods.

The operating rate of factories, mines and utilities fell 0.3 percentage points to 79.0 per cent, the lowest level since April and only fractionally above the trough reached last winter.

# Georgia edges closer to renewed civil conflict

By Neil Buckley

GEORGIA edged towards renewed civil conflict yesterday as ousted President Zviad Gamsakhurdia was reported to be gathering his forces in the western city of Zugdidi and opposition troops occupied Kutaisi, a city only 80km to the east.

In Moscow, Mr Georgy Chanturia, leader of Georgia's National Democratic party and the figurehead of the opposition to the Georgian president before being imprisoned last September, said he was deeply concerned about the consequences of Mr Gamsakhurdia's return.

"It could lead to a shoot-out, perhaps not civil war, but something of that kind," he said.

Mr Chanturia said he did not believe Mr Gamsakhurdia would succeed in re-establishing power, and thought he would be defeated in a maximum of two weeks.

"But the tragedy is that there may be more bloodshed among innocent people," he added.

He said Kutaisi had been occupied by opposition troops commanded by Mr Jaba Ioseliani, one of the leaders of the military council currently running the country, in order to block any march on Tbilisi by Mr Gamsakhurdia's forces.

The opposition leader said he did not believe that Mr Gamsakhurdia enjoyed widespread popularity even among his own Mingrel people, but was supported mainly by the "Gamsakhurdia establishment" – local officials who risked losing their jobs following the ousting of the president.

Local reports, however, said that Mr Gamsakhurdia had arrived in Zugdidi with more than 5,000 supporters in 26 buses.

The situation in Georgia was further complicated yesterday by the announcement that South Ossetia, formerly an autonomous region in the north of the republic, planned to hold a referendum tomorrow on possible unification with Northern Ossetia, part of the Russian Federation.

Sporadic fighting has raged between Ossetians and Georgians for more than a year.

# Hong Kong welcomes deal averting US-Sino trade war

By Nancy Dunne in Washington and Simon Holberton in Hong Kong

US and Hong Kong business groups yesterday applauded a last-minute settlement averting a trade war with China over its failure to protect adequately copyrights, patents and trademarks.

In a memorandum of understanding, signed yesterday, China agreed to provide protection for US inventions and copyrighted works, including computer software, product patents, sound recordings and trade secrets.

In Hong Kong, the government and business establishment yesterday responded with a positive, if cautious, welcome. The agreement has averted punitive trade sanctions against China, under "Special 301" section of the 1988 US trade law, which would have harmed the colony's economy.

The broad US-China agreement was won by insistent pressure in six rounds of negotiations and will be seen as a victory for US use of bilateral negotiations under the "Special 301" provision.

This success will be noted in Congress, if the Uruguay Round trade talks produce weaker sectoral protection measures such as those contained in the text proposed by Mr Arthur Dunkel, the director-general of the General Agreement on Tariffs and Trade (Gatt). To accept a Gatt agreement, the US will probably have to give up what has been a powerful weapon in its "fair trade" arsenal.

China promised to extend protection to existing copyrighted works and sound recordings as well as new works; protect computer programmes as literary works with a term of protection of 50 years after it joins the Berne Copyright Convention later this year; and confirm that copyright owners of computer programmes and sound recordings will have control of the rental of their works.

However, the resolution of this US-China dispute is seen in Hong Kong as just the first of three obstacles which US and Chinese negotiators have to overcome before fears in the colony are allayed.

Mrs Hills is preparing further actions against China, under the 301 umbrella, over trade policy issues; and, Congress gives every indication of wanting to fight President George Bush on the renewal of China's Most Favoured Nation (MFN) status. Mr Bush has to renew China's MFN status by June 3.

The prospect of China losing its MFN status was "in the realm of the unthinkable", one senior Hong Kong trade official said yesterday.

# Pakistan and France sign power deal

By Ian Davidson in Paris

FRANCE and Pakistan have signed two financial protocols, to a total value of FFr1bn (£103.2m) for French companies to build two conventional power stations in Pakistan.

But a French offer to supply Pakistan with a 900MW nuclear power station has been put on hold, because France now insists all civil nuclear exports must be subject to inspection under the nuclear Non-Proliferation Treaty (NPT).

The protocols were agreed during the visit to Paris of Mr Nawaz Sharif, the Pakistani prime minister. The two sides also agreed the sale of three French minesweepers to Pakistan, to a value of FFr1.3bn.

The French offer to supply a nuclear power station was first made by President François Mitterrand just under two years ago. France has continued to assert its readiness to co-operate with Pakistan in the civil nuclear field, but only in conformity with the controls required by France's adherence to the NPT.

France is also reported to have agreed to pay Pakistan FFr600m to settle a long-standing dispute about the decision in 1978, by President Valéry Giscard d'Estaing, to cancel an agreement to supply Pakistan with a nuclear reprocessing plant.

# Brazil IMF loan delay

THE International Monetary Fund has delayed a decision over the approval of a crucial $2bn (£1.1bn) loan to Brazil, Christina Lamb writes from Rio de Janeiro.

Brazilian officials said the meeting, due to take place next Wednesday, has been delayed because it would clash with a meeting of heads of state from the former Soviet Union which Mr Michel Camdessus, the IMF chief, is to attend.

However the week-long delay is also seen as linked to the government's failure to win congressional approval for increased social security contributions to pay for a court-ordered 147 per cent rise in pensions. The government insists it will not resort to printing money, but has yet to explain where it hopes to find the necessary $10bn without destroying the fiscal targets it has presented to the IMF.

# No cheer for Spain or UK in Gibraltar poll

## Bossano's re-election is a mandate to seek constitutional change, Tom Burns writes

THE complexities of the Gibraltar dispute, which bedevils diplomatic relations between London and Madrid, have been thrown into sharp relief by the landslide re-election of Mr Joe Bossano as chief minister this week.

The results of Thursday's elections to the House of Assembly in the tiny British crown colony on Spain's southern tip were announced yesterday. They gave Mr Bossano's Gibraltar Socialist Labour party (GSLP) 73 per cent of the votes cast by the 14,000 voters in a four-way contest, up from 58 per cent in 1988.

Mr Bossano, 52, a former union official, now has a mandate to push for constitutional changes viewed with trepidation by London and with outright hostility by Madrid.

These include an end to Gibraltar's colonial status, which would reflect Britain's shrinking military presence on the rock, and the transfer of responsibility for the rock's foreign affairs from the UK to the European Community.

Gibraltar joined the EC in 1973 as a dependent British territory but it remains outside the Community's Common Customs Tariff.

Mr Bossano plans to bypass the 1713 Treaty of Utrecht – under which Spain ceded Gibraltar to the British crown in perpetuity, with the stipulation that should the UK relinquish the colony it would revert to the Spanish crown. "The treaty of Utrecht is completely out of date. It doesn't envisage anything existing other than monarchies," the chief minister said.

The British government has nevertheless made it plain that the independence planned by Mr Bossano is not an option: either Gibraltar is British or it is Spanish. The Madrid government is meanwhile adamant that, while all forms of safeguards can be arranged to accommodate Gibraltar's way of life, the territory has to revert to Spanish sovereignty.

Desultory annual talks between Britain and Spain on Gibraltar's future have been fiercely criticised, and boycotted, by Mr Bossano. He has concentrated instead on creating the basic infrastructure required to assure Gibraltar a prosperous niche in the offshore finance industry and has built impressive modern office facilities on land reclaimed from the harbour where a dockyard once stood.

Gibraltar's off-shore potential has certainly been recognised by four Spanish banks operating on the rock. One of them, Banco Bilbao Vizcaya, recently used Gibraltar's high-profile lawyers and financial experts to place a $300m (£167.5m) preferential share issue on the New York stock market.

But Gibraltar's long-term viability as a finance centre depends on Spain's acquiescence. At present, Spain does everything in its power – from ensuring endless queues at the customs post on the frontier to branding Gibraltar as a money-laundering centre – to hinder the off-shore activities.

Spain's latest obstructionist weapon is its determination to exclude Gibraltar from the Community's External Frontiers Convention unless there is progress in the sovereignty negotiations with the UK. Spain's veto prevented agreement on the Convention, which will govern free movement of people within the Community next year, at last month's Maastricht summit.

Spain is, in particular, pressing for the dual use of Gibraltar airport, on the isthmus linking the Rock to Spain, a no-man's land under the Treaty of Utrecht.

London and Madrid agreed to dual use more than four years ago but implementation of the agreement has been blocked by Mr Bossano.

Gibraltar's offshore plans would be dealt a possibly mortal blow if the intransigence of Mr Bossano and the Spanish government meant the rock was excluded from the Convention.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1; Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenberg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

## INTERNATIONAL NEWS

# Army surrounds mosque in Algerian capital

By Francis Ghilès in Algiers

GOVERNMENT forces yesterday tightened their clampdown on Algeria's Islamic Salvation Front (FIS), surrounding an Algiers mosque during prayers and manning road-blocks on routes into the city.

The weekly prayer services were the first since an army-dominated security council cancelled elections that were expected to give the FIS control of Parliament.

FIS leaders claimed that 500 party supporters had been arrested since Tuesday. Although witnesses reported several arrests during a day which passed peacefully, there is no independent verification of the opposition claim.

Special units of the Algerian army surrounded the Es Sunna mosque in the Bab El Oued district, one of the FIS strongholds, armed soldiers standing a few yards apart.

Speaking during prayers, the provisional FIS leader, Mr Abdelkader Hachani, called for calm, urged followers to resist provocation, and reminded the government that the Front had won an election conducted under the authorities' own rules.

"They want to make us rise up, but they won't succeed," he said. "If they want to arrest us, arrest us. If they want to kill us, kill us... But the Islamic state will triumph."

With an irony that would not have been lost on followers who have heard their leaders denounce the constitution in the past, Mr Hachani told Algeria's new administration: "We respected your constitution... You were the ones who violated it."

He also dismissed Mr Mohamed Boudiaf, who returned on Thursday after a 27-year exile in Morocco, to preside over a five-man collegiate presidency, as a "foreign import".

The clampdown came just a day after Mr Boudiaf and the defence minister. Mr Khaled Nezzar, warned people not to use Islam for self-interest.

Yesterday political parties continued yesterday to conduct a series of formal and informal exchanges.

It emerged that late on Thursday evening Mr Hocine Ait Ahmed, the leader of one of the lay opposition parties, the Front des Forces Socialistes (FFS), met FIS leaders. He did not consult the party's ruling council before doing so, and three of its members promptly denounced their leader's action. Many of Mr Aid Ahmed's supporters appear dismayed by such contacts.

### FIS leaders claim 500 of their supporters have been arrested

Mr Abdelhamid Mehri, the secretary general of the National Liberation Front (FLN), one of the main losers of the events of the past few days, has also met FIS leaders.

Several FLN militants have denounced such contacts, but the party which has enjoyed office for nearly 30 years seems prepared to go to great lengths to retain a share of power.

But most observers doubt that the three main parties – the FLN, FIS and FFS – could form any lasting alliance, given their very different aims and constituencies.

# Greek court sentences two former ministers

By Kerin Hope in Athens

A SPECIAL court yesterday sentenced two former Greek cabinet ministers after acquitting Mr Andreas Papandreou, the former socialist prime minister, of involvement in the 1988 Bank of Crete embezzlement scandal.

Although neither man is likely to go to jail, their political careers may be over.

Mr Dimitris Tsovolas, a former finance minister, received a 2½-year jail sentence for breach of trust, but was given the option of paying a Dr912,000 (£2,800) fine instead. Mr George Petsos, a former industry minister, received a 10-month suspended sentence.

The 13-member tribunal cleared Mr Papandreou of charges of taking a bribe, receiving the proceeds of a crime, and breach of trust, but only by a 7-6 majority.

Mr Papandreou was censured by the court for retaining close ties with Mr George Koskotas, the former owner of the Bank of Crete, after it was revealed in 1986 that he was wanted in the US on fraud charges.

Mr Papandreou, afterwards launched a scathing attack on the conservative government of Prime Minister Constantine Mitsotakis, saying it won power by deceiving Greek voters, using the judicial system as a political weapon and orchestrating a campaign of lies.

# Pretoria to seek cash boost for 1991 budget

By Patti Waldmeir in Johannesburg

THE South African Government, under political pressure to raise social spending despite deep recession, is to ask parliament next month to approve a substantial additional budget for the current fiscal year.

Mr Barend du Plessis, the Finance Minister, said the government's deficit before borrowing would be higher than expected. This deficit was originally budgeted at 3.4 per cent of gross domestic product - the IMF recommends no more than 3 per cent of GDP - but economists now believe it could total as much as 5 per cent of GDP.

He said state expenditure was running ahead of budget, rising by 18.5 per cent for the first nine months of fiscal 1991/92 compared with the year earlier period. It would be necessary to ask parliament for a substantial additional budget to meet extra spending needs, especially on health, finance for black townships, and interest on public debt. He gave no figure for the amount sought, but said it would be substantially larger than the R1.2bn contingency reserve envisaged in the budget.

Meanwhile revenues remain depressed by the severe recession, with exchequer receipts rising only 7.6 per cent in the first nine months, against 11 per cent budgeted for the year.

# Shamir warns peace talks may be slowed

By Hugh Carnegy in Jerusalem

MR Yitzhak Shamir, the Israeli prime minister, pledged yesterday to continue Middle East peace talks despite the imminent collapse of his coalition government. But he warned that progress in the negotiations might be hampered during the expected prolonged election campaign.

Two extreme right-wing parties, Tehiya and Moledet, will tomorrow formally resign from the coalition, led by Mr Shamir's Likud party, in protest against the peace talks. Their departure will leave the government without a parliamentary majority. Mr Shamir has indicated he will seek a general election in May or June.

Mr Hans Van Der Broek, the Dutch foreign minister who is visiting Israel, yesterday expressed to Mr Shamir what he called the world's concern that the election should not be used to delay the peace process launched at the Madrid Middle East Peace Conference last October. He said Mr Shamir had assured him this would not be the case.

"The peace process will continue. For our part, we will try to proceed with it as much as we can," the prime minister said in a newspaper interview. But he added: "It is possible there will be certain restrictions because of the special situation we are in."

Mr Shamir, a sceptical participant from the start, will not mind if the already tortuous negotiations slow because of the election.

But the Likud has made plain it intends to use its commitment to the peace process as a central part of its election platform.

The stance is rich in irony, given the role Mr Shamir and his party have in the past played in torpedoing peace initiatives, but it will pose a problem for the opposition Labour party, which traditionally campaigns as the party of peace.

● There was no confirmation yesterday of reports that a hostage swap involving Israel was imminent.

## UK NEWS

# Obstacles to blocking poll tax loophole

**Robert Rice explains a dilemma for the government**

THE adjournment by magistrates in the past two weeks of nearly 4,000 cases involving alleged poll tax defaulters over doubts about the admissibility of computerised records as evidence of non-payment, leaves the government in a quandary.

If it acts to close an apparent loophole in the rules of evidence in civil proceedings in magistrates' courts it will in effect invalidate almost 5m liability orders made against non-payers since April 1990 by admitting that the law is faulty.

If it fails to act, it risks depriving local authorities of any realistic possibility of recovering any outstanding poll tax.

The government response yesterday was that it was still "urgently" considering the matter. The Home Office gives every indication of having been taken by surprise over the issue.

This is in spite of the fact that lawyers acting for anti-poll tax groups have been arguing for months that computer records are inadmissible in magistrates' courts because of a loophole in the 1968 Civil Evidence Act.

Most magistrates' courts have rejected this argument, but the problem was highlighted when the argument was accepted by magistrates at Bury St Edmunds, Suffolk, two weeks ago. Their decision prompted magistrates at Gravesend in Kent, Camberwell in south London and Liverpool to halt all their poll tax cases until the matter has been clarified. Other courts are expected to follow suit.

Polls apart: alleged defaulters at Liverpool magistrates' court hand back summonses

Leaving aside the specific concerns about the ease with which computer-generated records can be altered without detection, lawyers defending in poll tax cases claim that before 1968 no written records of any kind were admissible as evidence on their own.

In support of their argument they cite a 1965 Appeal Court case which ruled that written records were equivalent to hearsay evidence, and that only oral evidence could be accepted as proof of what a written record said.

That case led the government to introduce the 1968 act which changed the law to allow written records to be put in evidence in the High Court and the county courts. The act omits any specific reference to the change being applicable to magistrates' courts.

The government knows that it could easily close the loophole by parliamentary order.

However, to do so would be to admit that the loophole exists and cast doubt on the validity not just of the poll tax cases decided since April 1990, but of an unquantifiable number of other cases decided on the basis of written and computer-generated records in magistrates' courts since 1968.

Making such an order retroactive is a possibility, but is thought to be both too politically sensitive and too vulnerable to challenge by judicial review.

The government's best hope of a quick solution to its predicament may lie in trying to persuade the High Court to rule that, although the 1968 Act makes no specific reference to magistrates' courts, by applying the change in the law to the High Court parliament must have intended it to be binding on lower courts.

If the default cases heard so far are eventually declared invalid, local authorities are unlikely to have to repay the money recovered so far. But the government may face claims for wrongful imprisonment from the 170 people who have been jailed for non-payment so far.

Whatever the outcome, the issue needs to be clarified soon. In Liverpool alone, magistrates are scheduled to deal with a further 130,000 cases next month.

# Police plea on sell-off is rejected

By Robert Rice, Legal Correspondent

THE Port of London Police Federation failed yesterday to win a judicial review of the government's decision to privatise the port's force as part of the sell-off of Tilbury Docks.

The High Court ruled that although the 1991 Ports Act contained no specific provisions for transfer of the police to a private company, it allowed Mr Malcolm Rifkind, transport secretary, to approve privatisation of the force as part of the port authority's scheme for the docks' sale.

Mr Justice Pill said: "I am unable to hold that it is arguable that the nature of police functions is such that specific provision was required, on constitutional or any other grounds, for the transfer of the police force."

Counsel for the federation had argued that the force should remain under the control of the port authority and that its constables should keep existing rights, privileges and powers.

The federation, which has 47 members in the port's force, fears that independence and constitutional functions will be compromised under a private company. It will consider an appeal.

# Inflation rises to 4.5% despite price cutting

By Peter Marsh, Economics Staff

THE HEADLINE inflation rate increased last month, even though weak demand led to price reductions for a broad range of retail goods and services.

The Central Statistical Office said yesterday the year-on-year increase in December in the retail prices index (RPI) was 4.5 per cent, compared with 4.3 per cent in November. Between the two months the index rose by 0.1 per cent, the smallest increase since July.

There were price cuts in a varied group of items used in calculating the RPI, including petrol, processed fish, sherry, bicycles, clothing and estate agents' fees.

Another factor was that prices of non-seasonal foods such as fruit increased last month by just 1.2 per cent compared with November, the smallest December rise since 1984.

The figures indicate that the government's goal of achieving a further slowing in inflation this year is on target. It hopes that an easing in price pressures on consumers and industry will provide a springboard for sustained growth.

Behind the statistics was widespread price-cutting in shops, especially for alcoholic drinks, clothing, furniture and personal goods, as retailers sought to tempt shoppers with bargains in the run-up to Christmas.

It is expected that the effects of the widespread discounting will continue to show through in the January RPI figure.

A gallon of 4-star petrol fell in price by 3p to £2.22 in December compared with November, leading to a 0.3 per cent fall on the month for motoring costs.

Overall, the RPI rose from 135.6 in November to 135.7 in December – based on a weighting of 100 in January 1987.

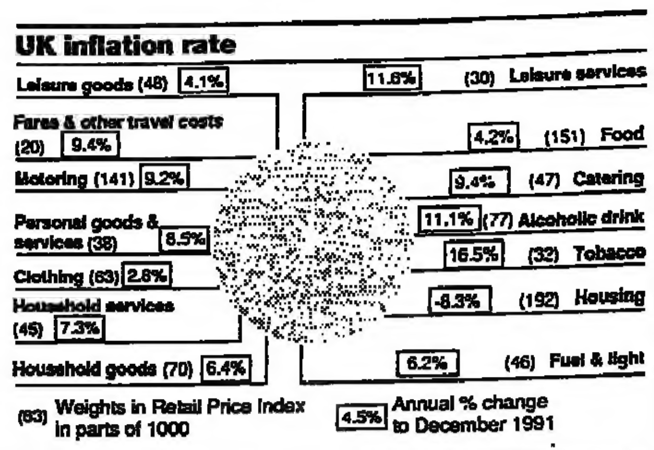
The increase between November and December in the year-on-year RPI rate was due to the effect of a 0.1 per cent fall in the index between the same months in 1990. That decrease had been triggered by large cuts in petrol and mortgage costs 13 months ago.

Underlying retail-price inflation – the RPI without mortgage costs – showed a year-on-year rise in December of 5.8 per cent, up from 5.7 per cent in November.

Many economists believe inflationary pressures will continue to ease over the next six months, as a result of a slowdown in the increase in wage costs, and underlying weak demand.

According to a price index calculated by Greenwell Montagu, the stockbrokers, the yearly rise in "core inflation" last month was 5.7 per cent, the same as in November. The index takes into account the RPI, without volatile items such as petrol, seasonal foods, electricity prices and the poll tax.

Greenwell Montagu predicts the rate will slow to 5 per cent by June.




## Computer review at Stock Exchange

THE STOCK Exchange has appointed Andersen Consulting to examine the operations and future role of its trading and settlement computer systems.

The Stock Exchange said yesterday that the contract did not include work on Taurus, the new settlement system, and that there would be no redundancies during the three months of the contract.

## Tin mine pollution measures taken

EMERGENCY and long-term measures costing up to £1m to prevent polluted water pouring out of the disused Wheal Jane tin mine near Truro in Cornwall were started yesterday by the National Rivers Authority.

The rivers watchdog said the flow had not so far affected tap water but owners of private bore-holes had been warned to use bottled water.

## Allegations over ex-NUM man

MR TAM Dalyell, Labour MP for Linlithgow has linked the name of Mr Roger Windsor, a former National Union of Mineworkers official who was a leading figure in the 1984-85 strike, with Mrs Stella Rimington, the recently appointed head of MI5, the home security service.

He used business questions in the Commons to claim that he had heard statements linking Mrs Rimington with Mr Windsor since tabling a motion inquiring into the MI5 official's activities during the strike.

## Apex survival is 'unlikely'

APEX Trust, the organisation that provides training for young offenders, has accepted that it is unlikely to find the £350,000 it needs to survive.

Apex says it needs £100,000 each from the Home Office and the Department of Employment and could then raise another £150,000 from private sources.

## Bank criticised

STANDARD Chartered Bank has been strongly criticised in a Department of Trade and Industry report into events at the Milford Docks Company between 1983 and 1987 for the "astonishing ease" with which the company was able to borrow £2.3m from the bank in 1985 and 1986.

## UCW election

MR ALAN Johnson was yesterday elected general secretary of the UCW postal workers' union by a majority of 370, and will succeed Mr Alan Tuffin. The turnout in the ballot was 22 per cent of the 200,000 membership.

# Sharp drop seen in spending on tourism projects

By Michael Skapinker, Leisure Industries Correspondent

INVESTMENT in new tourist facilities in England has fallen to its lowest level since the mid 1980s in spite of the competitive threat posed by the new Euro Disney park near Paris.

The opening of Euro Disney in April will put particular pressure on the providers of short-break holidays in England, according to a report to be published next week by the English Tourist Board. The board warns that tourists might visit Euro Disney instead of taking short breaks in the UK.

Euro Disney believes that more than 1m UK residents will visit the park in its first year. The board warns: "The displacement effect could be substantial."

The value of new tourism and leisure projects in England fell to £873m last year, the lowest level since the board began compiling statistics in 1985. Last year's figure was down 19.5 per cent on 1990 and 49.7 per cent on 1989.

Investment in theme parks and similar attractions in England amounted to only £23m last year compared with £32m in 1990, £60m in 1989 and £123m in 1988.

The board says some English theme parks are planning additional investment. Chessington World of Adventures in Surrey is to extend its facilities, and Alton Towers in Staffordshire plans to spend £10m on a haunted house and other attractions. Both parks are owned by Pearson, owner of the Financial Times. Blackpool is to build a £6m rollercoaster at the Pleasure Beach. These sums contrast with the £15m that Euro Disney is expected to spend on marketing alone.

The board says that English theme parks tend to attract day visitors who live up to three hours' drive away, so some parks believe they will not be directly affected by Euro Disney. It warns, however, that the large number of British tourists visiting Euro Disney will result in higher standards being expected of English attractions. The board has launched a code of practice to encourage tourist attractions to raise their standards of cleanliness and courtesy.

Investment in new hotels was one area which held up reasonably well last year compared with the rest of industry. Projects worth £337m were started last year, down 16.6 per cent on 1990 and 18.6 per cent on 1989.

Projects worth £772m were completed last year, the second-highest amount on record. They include the £30m Sainsbury Wing at the National Gallery in London.


# Rolls rejects millions to keep its last Phantom

ROLLS-ROYCE Motors has turned down offers "running into several million pounds" so that it can keep the last Phantom VI it has produced, the company announced yesterday.

As the Phantom (pictured left) was displayed in London, Mr Mike Donovan, Rolls-Royce commercial managing director, said: "Phantoms can cost anything from £300,000 upwards. We have had offers running into several millions for this one. It is virtually impossible to put a price on it as it's the very last."

Because of new safety and exhaust emission requirements, the company has decided that the 6,749th Phantom produced since the model's debut in 1925 will be the last.

Also, Rolls has moved much of the work at its coach-building plant at Acton, west London, where the Phantom was made, to its main plant at Crewe.

On the hand-made Phantom it could take 300 hours to make the cocktail cabinet alone. The Queen owns five earlier-model Phantoms, dating back to 1950.

One of the Phantom's successors, the Crewe-built Silver Spur touring limousine, is pictured right.

# Poll fever hinders Irish talks

By Tim Coone in Dublin

THE BRITISH and Irish governments agreed yesterday that there is little hope of reviving the stalled all-party talks on Northern Ireland before the UK general election. They reached that conclusion about the talks, broken off in July, in spite of a recent flurry of diplomatic activity aimed at persuading the parties back to the negotiating table.

Mr Peter Brooke, Northern Ireland secretary, met Mr Gerry Collins, the Irish foreign minister, in Dublin yesterday. Mr Brooke said later that prospects of an election "have highlighted the tensions and are creating their own momentum." He added: "We have faced difficulties in the past weeks, and we continue to confront them."

Unionist leaders in Northern Ireland have made it clear they are not prepared to renew the talks unconditionally if the Labour party wins the election.

They say they will first have to "assess" Labour's position. Mr John Hume, leader of the nationalist Social Democratic and Labour Party argues that this is unacceptable and amounts to a "precondition". He said in a radio interview yesterday that constructive talks could not be carried out on such a basis.

An additional concern of the SDLP, echoed in Dublin, is that a close election result may give the Unionists an opportunity to hold the balance of power in a new parliament, resulting in a hardening of positions on both sides of the sectarian divide.

After meeting Mr Brooke, Mr Collins gave the strongest hint yet that the two governments have lost hope of an early renewal of talks. He said: "Once the general elections are out of the way, we must once again make a determined effort to move ahead."

Mr Brooke later told the Dublin Chamber of Commerce: T"The uncertainties of the outcome of the election . . . and the need for a process of this kind to have a reasonable chance of continuing to a conclusion provide understandable obstacles to progress now."

Mr Neil Kinnock, Labour leader, was yesterday urged by Mr Dick Spring, leader of the Irish Labour Party, to reiterate Opposition policy on moves towards Irish unification.

# Lender to help on home arrears

By David Barchard

THE MORTGAGE Corporation yesterday became the first centralised mortgage lender to offer customers with mortgage arrears the chance to avoid losing their homes by becoming tenants.

TMC, the UK mortgage arm of Salomon Brothers, the US investment bank, is to rescue 150 homes by launching a £15m Business Expansion Scheme in a joint venture with Smith & Williamson Securities. It said the scheme would enable some of its most hard-pressed borrowers to stay in their homes for a rent well below their monthly payments.

They may be offered the chance to buy back their homes at the end of the assured tenancy period if their circumstances have improved.

Otherwise TMC will buy back the properties at the end of five years at a price calculated to give investors in the business expansion scheme a return of 137p on each 100p share before tax relief.

Customers of the centralised lenders – the specialist mortgage companies with no branch networks which entered the mortgage markets during the 1980s housing boom – have been among those with the worst arrears and repossession problems.

Other lenders came up with more that £800m for schemes to help their borrowers avoid losing their homes as a result of talks with the government late last year, but the centralised lenders were unable to follow suit because of legal and practical difficulties.

TMC said yesterday it is talking to housing associations to see whether repossessed properties can be rented to homeless families.

# Perkins wins $1bn Caterpillar order

By Andrew Baxter

PERKINS GROUP, the Peterborough-based diesel engine manufacturer, has won a $1bn (£568m) 10-year contract to supply engines to US-based Caterpillar, the world's largest construction equipment group.

The deal, won against stiff competition from the Far East and continental Europe, is a big boost for Perkins, and comes during a recession that has hit the diesel industry's sales across the world.

Perkins said yesterday that the deal would help safeguard jobs at Peterborough, where the engines will be built for export to Caterpillar plants worldwide. The workforce has been cut by about 300 to 3,200 over the past year because of difficult trading conditions.

Perkins, which has supplied power units to Caterpillar for nearly 20 years, will provide Caterpillar with special versions of its high-technology four-cylinder and six-cylinder 1000 Series industrial range. The engines will carry the Caterpillar name, and will be used on smaller earthmoving and other equipment as well as for sale to customers.

Caterpillar said the engines filled a gap at the smaller end of its product line which would have been too expensive to fill by developing its own range.

Mr Tony Gilroy, Perkins Group managing director, said the deal represented a big customer's expression of confidence in Perkins' ability to meet increasingly stringent environmental and performance standards.

# MPs fail to back proposals for a national lottery

By David Owen

THE government put a national lottery firmly on the backburner yesterday when it declined to back a bill while admitting it saw "attractions" in the concept.

It pledged to "examine further" issues that a lottery would raise. Mr Peter Lloyd, home office minister, said: "We shall put that work in hand immediately and announce our conclusions as soon as possible."

Without government support, fewer than 100 MPs voted for the bill in a closure motion. This meant the measure was not accorded a second reading vote and stands a slender chance of becoming law.

Yesterday's debate was a lively affair in which MPs from both sides voiced views without regard for party allegiance.

Mr Ivan Lawrence, the Conservative MP for Burton who introduced the bill, said its aim was "nothing less than to raise the quality of life in Britain to even higher levels". He said that Albania was the only other European country not to have a lottery.

Mr Dennis Skinner, Labour MP for Bolsover, claimed that some of the money raised by US lotteries "finishes up in politicians' pockets". He sought assurances that US funds had not been received to aid the UK lottery campaign.

Mr Terry Dicks, Conservative MP for Hayes & Harlington, said he would oppose the bill unless proposals to use some of the proceeds to support the arts were withdrawn.

Mr Ian Paisley, leader of the Democratic Unionists, said: "We have enough gambling outlets without the government going into gambling sponsorship."

● Hotels and leisure group Ladbroke's betting division is offering two-to-one against a national lottery bill being passed in the lifetime of the next government.

# Labour gambles on the numbers game

**Philip Stephens** on the electoral impact of the party's National Insurance proposals

IF ANYTHING more was needed to explain the anxiety of the Labour leadership over the election impact of its planned abolition of the ceiling on National Insurance contributions it was provided yesterday by the Institute for Fiscal Studies.

The independent think tank with a reputation for rigorous and unbiased analysis of taxation published figures showing that 20 per cent of households in London and 18 per cent in the south-east would pay more if the present £20,280 ceiling was abolished. That means one in five households will be losers in the swathe of marginal seats in those areas on which the outcome of the election will to a large degree depend. Across the country as a whole the figure is 11.8 per cent, while it falls sharply in the north to about 8 per cent.

The proportion of taxpayers affected, however, would be higher since the institute's figures include households – such as those with pensioners and those on benefit – which do not pay NI contributions. Other experts say that if those households were excluded the proportion of losers in London would be closer to 30 per cent.

As the tables show, there is good as well as bad news for Labour in the institute's report. It shows that if the party's planned increases in child benefit and pensions – and in related means-tested benefits – are netted out against the abolition of the NI contributions ceiling there are many more winners than losers.

**Effects of abolishing NI ceiling***

| Age range | per cent losing |
|---|---|
| Under 25 | 2 |
| 25-34 | 13 |
| 35-44 | 24 |
| 45-54 | 16 |
| 55-59 | 12 |
| 60-64 | 3 |
| Over 65 | 0 |

*By age range of family head

**Regional effects of abolishing NI ceiling for employees and self-employed: Proportion of families losing**

| Region | per cent losing | Families in region (m) |
|---|---|---|
| Northern | 8 | 1.8 |
| Yorkshire | 8 | 2.7 |
| North-west | 8 | 3.8 |
| East Midlands | 10 | 2.4 |
| West Midlands | 10 | 3.0 |
| East Anglia | 11 | 1.3 |
| Greater London | 20 | 3.5 |
| South-east | 18 | 5.6 |
| South-west | 10 | 2.7 |
| Wales | 9 | 1.5 |
| Scotland | 9 | 2.8 |
| N. Ireland | 8 | 0.5 |
| UK Average | 11.8 | 31.3 |

**Regional effects of abolishing NI ceiling for employees but increasing pensions, child benefit and related benefits**

| Region | per cent losing | per cent gaining |
|---|---|---|
| Northern | 7 | 50 |
| Yorkshire | 6 | 48 |
| North-west | 6 | 48 |
| East Midlands | 7 | 45 |
| West Midlands | 8 | 46 |
| East Anglia | 7 | 43 |
| Greater London | 15 | 38 |
| South-east | 13 | 45 |
| South-west | 7 | 48 |
| Wales | 6 | 57 |
| Scotland | 7 | 48 |
| N. Ireland | 6 | 58 |
| UK average | 8.7 | 46 |

Because the additional money from abolition of the NI contributions ceiling is raised from a relatively small number of people while increases in child benefits and pensions would affect many more, the institute calculates that in net terms 8.7 per cent would lose from the Labour package while 46 per cent would gain.

Those figures almost certainly overstate the number of gainers because they exclude the self-employed. But there is no doubt that Labour has a powerful case for saying that more would win than lose under the whole package.

Its problem, however, is that voters tend to be convinced that politicians will meet pledges to raise taxes, but they are less convinced that the same politicians will deliver on offsetting promises.

As one leading opinion pollster said yesterday: "People need no convincing that Labour will push up their taxes. They are much less certain that it will deliver on child benefit and pensions."

The overall figures for winners and losers also disguise some other weak spots for Mr Neil Kinnock, the Labour leader. Even if in London more than twice as many households as shown as winners than losers, the question is: are they the right people?

The gainers from higher child benefit and pensions are heavily concentrated among traditional Labour voters – those who stuck by the party even in 1983 and 1987. If Mr Kinnock is to win this time he must attract support in the south-east from much greater numbers of relatively affluent voters – the Yuppies who backed the Tories in the 1980s.

The institute's breakdown by age of losers from the NI contributions reform shows the largest segment concentrated in the 35 to 44 age group. About one-in-four are affected nationwide, with a much higher proportion in the key marginal seats in London and the south-east.

OBITUARY

# Lord Rootes: car industry leader

LORD ROOTES, who has died at the age of 74 after a long illness, was one of the central figures in the post-Second World War development, and later decline, of the UK motor industry.

Educated at Harrow and Christ Church, Oxford, William Geoffrey Rootes joined the family business in 1946. He increasingly took the helm of the Rootes Group, the motor vehicles concern founded in a Sussex bicycle shop by his grandfather, William.

The group embraced such names as Humber, Hillman, Sunbeam, Talbot and Singer.

Lord Rootes, who inherited the title in 1964, was the principal driving force of the intensive modernisation which took place at the group in the 1950s.

But the group's vigour began to be sapped by its inability to confront competition from domestic and newly emerged foreign rivals.

By the time Lord Rootes became chairman in 1967 it was apparent that even the £12.3m put into the group by US car maker Chrysler, three years earlier, in return for a 46 per cent stake was unlikely to ensure long-term survival.

Lord Rootes: In 1967 when he became group chairman

With market share fading and losses growing, Lord Rootes had to sell the remainder of the business to Chrysler in 1973 for £20m. It was subsequently sold to Peugeot-Talbot.

He is survived by his widow, Marian, a daughter and a son.

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Weekend January 18/January 19 1992

# Shaking the money tree

WHEN MARKETS are quiet, and commissions hard to earn, brokers have a bad old habit of marking prices up or down in an effort to stimulate some buying or selling – a manoeuvre known as shaking the tree. For this reason, prices movements in thin markets are usually unreliable; after a few headlines, and a flurry of activity, prices tend to drift back to their starting point.

Cynics might well, then, see no more than a bout of tree-shaking in the apparent dramas of the last week, which saw a sharp Wall Street rally fizzle out, the dollar rise more than 6 per cent against the D-Mark in a couple of days and then fall nearly half way back again, and a sharp rise in London equities yesterday morning turned into a small fall by the end of business. Like the British political opinion polls, which see-sawed for a few days and ended the week recording sharp Labour and Conservative leads on the same day, the figures average out to nothing in particular.

However, there are some fascinating issues raised by both these apparent non-events. The political contest in Britain is uninspiring in its early stages, but poses a quite profound question: can voters face unpalatable truths in hard times? They long to hear some good news which they can believe; but the government has greeted too many false dawns to retain much credibility. Most voters do know that their own real incomes are healthily up – if only they could feel sure that this would continue.

## Grim picture

Labour paints a grim picture of the current state of affairs, as oppositions are bound to do, and especially of the rundown in public services; but it also puts in a forbidding estimate for the cost of repairs. Its Treasury spokespeople, Mr John Smith and Mrs Margaret Beckett, have established an enviable reputation for competence and honesty, but do not appear user-friendly. This amounts to a contest, if such can be imagined, between Micawber and Savonarola.

As Mr Walter Mondale found some years ago in his run for the White House, the hair-shirt appeals strongly to some commentators; but it is very hard to turn it into a popular fashion. Unless the economy turns far faster than any forecaster now expects, the opinion polls and the London market will no doubt remain prey to every gloomy statistic and ill-judged speech.

The dollar prospect looks a little less volatile (as ministers have no doubt been advised, to their great relief). This is not because the US economy is now recovering, promising high returns to investors; on the contrary, the figures for output, trade and consumer sentiment, which appeared yesterday, and the up-to-date industrial soundings of the Philadelphia Federal Reserve, make it clear that nothing is yet stirring. What yesterday did confirm is that it is growth prospects rather than trade flows which now rule the exchanges: the dollar fell on unexpectedly good trade figures, because they were read as evidence of weak demand.

## Dollar strength

The real strength of the dollar is simply that it has fallen so far. Weak US productivity and investment, and the disappearance of America's net earnings from overseas investment, suggest that it will remain weak in real terms for a long time; but thanks to near-zero inflation in the goods market, this is quite compatible with a rising nominal exchange rate. It can at least be said that thanks to low real interest rates and a reduced debt burden, there is now little to prevent a US recovery, if little to trigger it. The long bear run on the dollar may be over.

But is the dollar strong, or is it, as some Amsterdam comment suggests, just that the D-Mark is weak? Strong wage pressures in Germany continue; and the turbulent events in the former Soviet Union suggests that Germany, which has provided an eagle's share both of official aid and private investment, may lose a lot of its money. Already every report of trouble for Mr Boris Yeltsin provokes selling of the mark, usually from Tokyo. Japan's own loss of self-confidence was marked by a new low on the Nikkei. So the dollar's appeal may rest simply on the better hole argument.

The new trend has relieved for the time being the threat of a forced rise in British interest rates, which seemed so imminent only a week ago. (The building societies have placed a sizeable bet that it will stay away.) There are reported stirrings of recovery in some parts of the retail trade; and on the dollar model, sterling might withstand a consumer-led recovery in the UK, if it promises solid earnings. So the markets are positioning themselves for a future general recovery. Mainstream stocks are up, and yesterday's glamour stocks nearer to reality. The markets are as usual well ahead of events, both here and on Wall Street, and remain suspiciously thin; but surely have their eyes on the right horizon.

# Damned if it does – and if it doesn't

**Quentin Peel examines Germany's defence against the charge that it is beginning to throw its political weight around**

The charge is clear: a united Germany, already the economic power house of Europe, is starting to throw its political weight about too. The Anglo-Saxon media, and the corridors of Congress and the Elysée, are full of dark mutterings of German high-handedness.

This was the week when the member states of the European Community (EC) finally bowed to the bullying of Bonn, the accusers say, and recognised the independence of Croatia and Slovenia against their better judgment, just to prevent Germany going it alone. And that came barely a month after the EC summit in Maastricht set the signals for a common European foreign and security policy, at Germany's insistence.

The economies of Europe are still smarting from the effects of the German Bundesbank's best Christmas present – a half percentage point rise in its interest rates, dragging most of western Europe in its wake. That was pretty rich, coming only 10 days after Maastricht agreed on European monetary union, says the prosecution.

And now they charge that Chancellor Helmut Kohl, not content with unification, is campaigning for more members in the European Parliament, and for German to be used as a working language of the EC, like English and French. Close allies in his coalition government are even calling, God forbid, for Germany to be granted its rightful seat as a permanent member of the UN Security Council.

The charge is furiously denied, in Bonn: more in sorrow than in anger, although with more than a hint of bitterness, too.

"First we were accused of being high-handed over unification; then we were charged with being too feeble in the Gulf war; and now we are accused once more of being a bully over Yugoslavia. It is difficult to know how to react," says one senior German diplomat.

The feeling is equally sore in the Chancellor's office: "How can we argue our case better, in Brussels for example, without being instantly accused of national assertiveness?" one of Mr Kohl's advisers complains. "We are rather like the Americans during the Vietnam war: the ugly Americans. We are the ugly Germans, and we cannot escape it."

So what is the verdict: guilty or not guilty? Has German foreign policy changed since unification in substance, or only in style? If it has changed, is that any bad thing for the west, and the rest of the world?

There is no doubt that the world has changed since German unification, and Germany too. "The situation has changed fundamentally. That must have consequences for our foreign policy," says Mr Karl Lamers, foreign policy spokesman in parliament for Chancellor Kohl's Christian Democratic Union (CDU). "The recovery of our full sovereignty gives us greater room for manoeuvre. We are no longer threatened [from the east] or dependent [on the west].

"Germany has not only grown bigger, but the expectations of our partners have grown too: both their hopes and their fears. The hopes are in the east, and the fears are in the west, and these are contradictory expectations."

The irony for a united Germany is that the country's greatest preoccupation is internal – the need to make the traumatic process of unification work, given that it is proving far more difficult and far more expensive than expected.

Yet, just when the German desire, both in government and in business, is to be entirely introverted, the growing chaos in the outside world is forcing the country to become a much more serious actor on the international stage.

"Germany is in an awkward position," according to one experienced European ambassador. "They are not assertive because they want to be assertive. It is thrust upon them."

Mr Hanns Schumacher, the official spokesman for Mr Hans-Dietrich Genscher, the foreign minister, is adamant that German policy has not changed one jot. It has simply been reinforced.

"Mr Genscher says it is most important not to lose the trust we have earned, not to turn our new size into more power, but into more responsibility in the world," he says. "He made a solemn European offer, immediately after unification. We offered to bind ourselves into a process leading to [European] political union. We proposed the gradual transfer of national competence and political responsibility to European bodies."

Put another way, the offer was not to make Europe more German, but Germany more European.

Since then, two things have happened. The negotiations on European political and economic union have laid the foundations for greater integration, but they still fall well short of what Chancellor Kohl would like to have seen. And the process of disintegration in eastern Europe, in Yugoslavia and, above all, in the Soviet Union, has accelerated. It is the latter, the fear of chaos and collapse on its eastern frontiers threatening even the security of the German integration process, that is now proving the driving force of German foreign policy. And there is a conviction throughout the body politic that the rest of the western world has simply failed to appreciate the danger.

Mr Horst Köhler, state secretary in the finance ministry and Germany's chief negotiator in the Group of Seven industrialised nations, is convinced that his British, French, American and Japanese colleagues are dangerously complacent. "We are living on a powder keg, yet nobody is worrying about it enough," he said last month, on his return from negotiating the G7 debt relief programme in Moscow. "The British are making a terrible mistake if they think they can sit on their island and escape when another nuclear power station blows up."

Mr Jochen Thies, editor of Europa Archiv and a critic of the Kohl-Genscher foreign policy, says: "All round our German home, the landscape has totally changed. Stability ends on the German and Austrian borders. Indeed, the earthquake begins already in east Germany, for the Russian troops are still there. No other EC country is confronted with that."

**'All round our German home, the landscape has totally changed. Stability ends on the German and Austrian borders'**

German fears are not only about nuclear safety (from civil as much as military sources), but also about immigration. "We have no straits of Dover," says Mr Thies. "The river Neisse in some places is only 50cm deep. You can walk through it. Chaos in the Soviet Union would have an immediate impact."

There is no doubt that the urgency of German fears over collapse and disintegration in the east have fuelled its assertiveness in foreign policy. Yugoslavia is the immediate example. But there, German apparent heavy-handedness has been compounded by the peculiarities of the country's foreign policy-making process and its dominant personality – Mr Genscher.

With 17 years as foreign minister behind him, Mr Genscher is the most experienced foreign policy maker on the European stage. He is also a supreme tactician, a master of apparently perpetual motion, an acutely sensitive follower of the public mood and, above all, a supreme local politician. His insistence on dragging visitors to his home town of Halle is legendary. So is his almost total personal domination of the German Foreign Office machine, and the diplomatic debate in the German media.

"He is badly advised. There are no early warning systems. When you are foreign minister for 17 years you can play with the journalists at home, but you cannot afford to do that on the international scene," says Mr Thies. "This explains astonishing mistakes in terms of style."

According to one western diplomat: "Germany is not overbearing, but Genscher can be."

Yugoslavia became a huge emotional issue in German public life in the middle of last year. The media debate was almost entirely one-sided: sympathetic to the self-determination of Croatia and Slovenia, and hostile to the aggression of Serbia. Mr Genscher reflected that emotional response. He was personally horrified at the Yugoslav National Army's use of force. The turning point was apparently a telephone call from Mr Stipe Mesic, the Yugoslav president, on July 3, reporting that the army had effectively carried out a putsch. From then on he was determined to force through EC recognition of the two republics to protect them, even if it meant alienating his EC colleagues.

German policy on Yugoslavia reveals another profound difference with foreign policy making in, say, France or Britain – although a similarity with that in the US. It is far more motivated by domestic political considerations, and by perceptions of principle and morality, than pragmatic national interest.

"Yugoslavia was an emotional reaction, and there I would see a weakness in the German political system," the western ambassador says. "It runs on emotion, in the population and the media, and without guidance from the government. The government always wants to be in harmony with public opinion."

Mr Lamers, an outspoken supporter of Croatian independence, agrees: "Whether you believe it or not, our engagement was very strongly morally motivated," he says. He admits that German opinion may have been blind to human rights violations by Croatia, but the overwhelming sympathy was for self-determination, against perceived aggression by Serbia."

Yugoslavia was the immediate example of Germany's determination to pursue an active foreign policy in central and eastern Europe, but Germany does not want to go it alone. "I don't want Britain and France to sit there and criticise us," Mr Lamers said. "They must take the initiative too. This wait-and-see attitude is not good enough."

He believes that Germany's bitter experience of Nazi rule from 1933-45 has taught the country that it is no longer possible to behave like a nation state. France and Britain have not learned the lesson so well.

Another powerful driving force for co-operation in eastern Europe is the economic state of the nation. The once purring German economic machine is staggering under the burden of transfers of state spending to subsidise jobes in the east. Indeed, it was concern over the state of the domestic economy, the size of the public sector deficit, and the demands for double-digit wage awards that prompted the Bundesbank to raise interest rates in December. The government was as upset with the central bank as were London, Paris and Rome. There was certainly no hint of co-ordinated muscle-flexing.

"We have problems creating an order of priorities," says Mr Thies. "We try to do everything, and have a tendency to do nothing: never to take hard decisions. This generation in government seeks to buy its way out of conflicts if it can. But this policy is coming to an end. The money is running out."

He believes that, far from fearing German assertiveness, the rest of the world ought to be encouraging greater German international involvement and responsibility. He regrets the fact that Mr Kohl has flatly rejected seeking a permanent seat on the UN Security Council for the foreseeable future. "It is very important to bind in the Germans at the world level, as well as at the European level," he says.

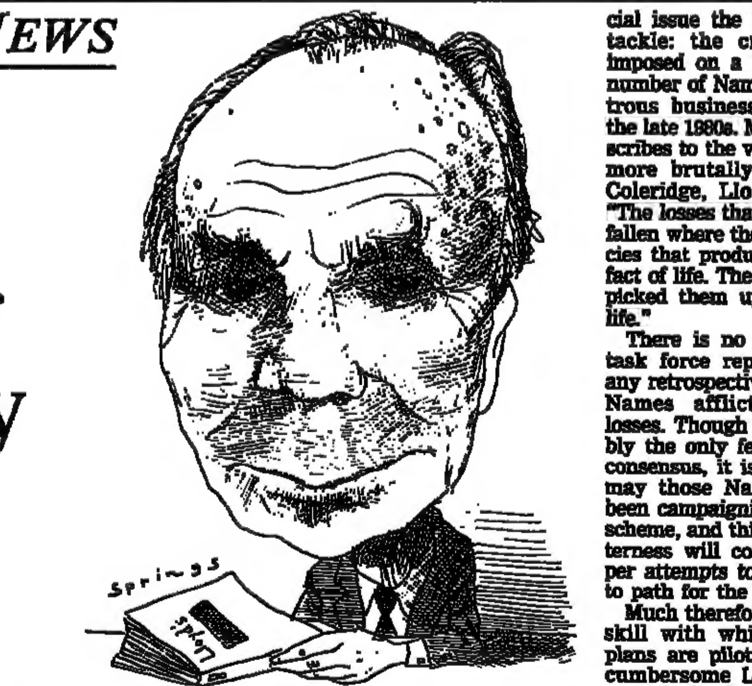
A senior diplomat from one of the smaller EC nations goes further. "It is both wrong and dangerous to accuse the Germans of arrogance," he says. "The Germans have always offered to pool their sovereignty in a European context. If France and Britain continue to refuse that offer for parochial reasons, the Germans may eventually say: 'Let us go it alone.' Then the current anti-German propaganda would prove self-fulfilling."

*MAN IN THE NEWS*

**David Rowland**

# Lloyd's reformer who may not see results

**By Richard Lapper**



David Rowland, the dapper businessman at the helm of Europe's biggest insurance broking firm, Sedgwick, could well be the best chairman that Lloyd's of London never had. This week, as head of a task force on the future of the Lloyd's insurance market, he produced a radical blueprint for reform.

Unfortunately for those who favour sweeping change, his responsibilities stop here; Lloyd's officials must carry the burden of putting the reforms into practice. Despite the welcome the Lloyd's establishment gave the bulk of his proposals on Wednesday, reform of the 300-year-old market could still run into the sand, as so often before.

Mr Rowland, who is 58, was a natural choice to head the task force. He has been at Lloyd's for all his working life, but as a broker he is not totally dependent on the market. His company derives only around 10 per cent of its revenues from business with Lloyd's syndicates. This "semi-detached" relationship has given him a wider experience than many of his colleagues among Lloyd's top brass; it also makes for a certain objectivity about the market's difficulties.

It is thus not surprising that Mr Rowland has proposed far reaching change. In the short term, he wants to modify one of the central principles governing Lloyd's activities: that of "unlimited liability" for Names, the wealthy individuals whose personal assets provide the market's capital base. Many of the Names are facing heavy losses as a result of the scale of damages awarded by US courts and natural disasters in Europe. The task force has provided no relief for victims of past losses, but its recommendations should remove the prospect of bankruptcy for Names in future.

The task force goes well beyond these short-term measures, however. It also sets out a blueprint for much more drastic change, including the admission of insurance company subsidiaries to the market. These changes would finally sever Lloyd's from its fiercely individualistic roots.

None the less, Mr Rowland is steeped in Lloyd's traditions. He says he has "loved" the institution ever since 1956 when, fresh out of medical school at Cambridge, he joined a small family-owned insurance broker, Matthews Wrightson. Perhaps surprisingly – in view of the scandals that rocked the market in the late 1970s – he says the reason for his attachment was the honesty and trust that traditionally underpinned trading at Lloyd's.

Such factors, he says, permitted the market to work with an informality that also bred efficiency. "Early on it dawned on you that peculiar though the work methods might appear, it ultimately produced an extraordinary efficiency," he says. "Nowhere in the world could you achieve results so fast. Equally, nowhere in the world did you fear less that the bargain you struck would be unnecessarily rescinded."

The trust that allowed Lloyd's to combine informality with efficiency was greatly weakened by what Mr Rowland calls "the appalling unfolding of the 1970s." He finds it hard to sort through the waves of scandal that hit the market: "It's all a bit jumbled and unclear, as indeed one's own emotions are." He knew things were going wrong, but never had the evidence to prove it – and sometimes found the wrongdoing he suspected inconceivable or impossible.

Joining the Matthews Wrightson board at the age of 31, Rowland steered the firm into successive mergers, to form Stewart Wrightson, one of the most successful insurance brokers of the 1980s. The climax of this process was a merger which joined Stewart Wrightson with Willis Faber. But for Mr Rowland, this proved one merger too many. He left shortly afterwards to head a much bigger rival, Sedgwick.

Nevertheless, the skills displayed in the series of mergers – persuading highly paid, sometimes contentious personalities to work together – were to make him a natural choice to head the task force last year.

It was formed in an atmosphere of crisis, with Names deserting Lloyd's in their thousands. Meeting entirely at weekends, the task force brought together a range of underwriters, brokers, market bureaucrats and outside advisers, all of whom had very different views about Lloyd's future.

Throughout, Mr Rowland aimed for consensus. "He has done it with a great deal of skill, humour and, above all, authority," explains one member of the task force. "His great expression was 'Let's pause for a moment, let's reflect a moment.'"

The emphasis on consensus has produced a well-written, clearly thought out report, that starts from the assumption that Lloyd's must continue to grow, not shrink – as some outsiders have suggested – to a specialist core.

The weakness of Mr Rowland's consensus approach, however, is shown in the crucial issue the report does not tackle: the crippling losses imposed on a relatively small number of Names by the disastrous business conditions of the late 1980s. Mr Rowland subscribes to the view summed up more brutally by Mr David Coleridge, Lloyd's chairman: "The losses that are there have fallen where they fall. The policies that produced them are a fact of life. The syndicates that picked them up are a fact of life."

There is no attempt in the task force report to provide any retrospective help to those Names afflicted by heavy losses. Though this was probably the only feasible basis for consensus, it is certain to dismay those Names who have been campaigning for a rescue scheme, and this continued bitterness will continue to hamper attempts to set Lloyd's on to path for the future.

Much therefore hangs on the skill with which the reform plans are piloted through the cumbersome Lloyd's machinery. Mr Rowland stresses that the report is designed to produce action: "It doesn't do any good if you don't achieve change as a result."

He is concerned by the decision of the Lloyd's Council to reject the report's recommendations on corporate governance, which would have split regulatory supervision from business management.

The aim of the proposed new structure was to create a powerful new business leadership for the market, run by its core members, the underwriters who assess risk. "Lloyd's will never wholly solve its problems until it actually realises it is an underwriting market and it should be run by underwriters", says Mr Rowland.

The Lloyd's Council's immediate rejection of the governance proposal does not augur well for the forceful implementation of the Rowland reforms. None the less, Mr Rowland is optimistic. "The task force has created opportunity," he says, and that will lead to inevitable change: "I think there is a good chance that market forces – pressure of people's opinions – will not allow anything other."

# Trial by committee

**Ivo Dawnay** on the work of the Commons select committees

There have been times this week when it has seemed as if the political clamour in the House of Commons was being reduced to a sideshow by events elsewhere in the Palace of Westminster.

Twice the battle of party leaders across the dispatch box had to compete on the TV news with dramas in Commons committee rooms: on Monday, the eloquent silence of the sons of the late Robert Maxwell before the social security committee, which had called them to testify on missing pension money; and on Wednesday, allegations of government skulduggery surrounding the Iraqi "supergun" affair. More and more, it seems, parliament's all-party select committees are moving from the margins of politics to the mainstream.

Yet how genuinely powerful are these newly-prominent backbench scrutineers of government? Are they as Mr Kenneth Clarke, the education secretary, suggested last month, a waste of time and money, serving largely as publicity vehicles for second-rate MPs jealous of ministerial power? Or are the select committees – boosted by television – steadily extending their reach to become a newly significant organism in Britain's political ecology?

Enhancing parliament's role as a watchdog was certainly the intention of Lord St John of Fawsley when as Leader of the Commons (and Mr Norman St John Stevas) in 1979 he created a new, comprehensive network of 14 select committees – for the first time specifically linked to the work of government departments, and empowered to call for "persons and papers" including civil servants and ministers.

Lord St John insists today on describing this as "one of the greatest constitutional changes this century". Yet even he admits that the performance of the select committees leaves something to be desired.

Committees stand accused of failing to make maximum use of the powers at their disposal. Many MPs also acknowledge that the adversarial nature of parliamentary debate, the role of party whips, and the lure of ministerial office have all hampered the development of a fully effective system of scrutiny by committee.

Nevertheless, most MPs would also argue that there has been significant progress during the 11 years that the committees have been functioning. They have, for one thing, unearthed huge amounts of hitherto undisclosed information.

The committees have gained in authority, educating their members on issues and increasing the quality of debate on the Commons floor. Furthermore, their two-hour interrogations – far more rigorous than pro forma question-time skirmishes – can pose a genuinely daunting challenge to ministers.

In 1983-84, the committees produced 73 reports. Two years later Mrs Thatcher reported that 150 of their recommendations in a single session had been acted on. Last year, the number of reports had doubled to 150.

Maxwell brothers, left, before the social security committee; Robin Leigh Pemberton facing the Treasury committee

The audacity of committees is also growing, their defenders claim. Despite their built-in government majorities, some committees have recently taken stands at embarrassing variance with Conservative policy. Last year the Treasury committee called for government action to stimulate the economy – at a time when the chancellor was arguing that no such action was needed – while the defence committee was strongly critical of the reasoning behind the government's Options for Change defence review.

Added to this, Mr Michael Ryle, a former clerk of committees, says the committees have broadened the range of parliament's concerns, given a new platform to well informed pressure groups and steadily eroded MPs natural deference to government. "Ten years ago this close to an election, the committees would have dropped anything controversial," he said.

If that is the positive side of the balance-sheet, critics of the committees are more than ready to point up their failings. The investigation into the Westland scandal in 1986, for example, vividly illustrated the limits on the power of committee inquiries when faced with government stonewalling.

Even in a case often cited as a committee success – the investigation of "sweeteners" allowed by the government to encourage British Aerospace to acquire a stake in Rover, the car-maker – the main evidence was revealed first in a leak to The Guardian. An earlier inquest had failed to uncover the scandal and even the trade committee's critical final report was toned down under pressure from its Tory majority.

The committees have often been susceptible to pressure from government whips, notwithstanding protestations to the contrary from the whips themselves. Mr Nicholas Winterton, health committee chairman and a thorn in the government's flesh, owes his job to the support of Labour committee members and an Ulster unionist; his Tory colleagues all voted at the last committee election in 1987 for the whips' candidate, Sir David Price.

This illustrates a more general problem, stemming from parliament's conformist traditions. Mr Brian Sedgemore, the left-wing Labour MP who serves on the Treasury committee, complains that members who display independence of spirit are frequently dismissed as "mavericks", "obsessed" or "over the top".

As a result of this and of the limited time at committee members' disposal, he claims, committees often voluntarily circumscribe their activities. He cites the Treasury committee's inquiry into the collapse of Bank of Credit and Commerce International: "BCCI is an example of a case where you should be questioning lawyers, ministers and the governor of the Bank of England for days on end. In fact, you get a few minutes."

Other Treasury committee members, such as Mr Higgins and Mr Radice, argue that that Mr Sedgemore is mistakenly comparing the UK system with the more powerful US congressional committees whose influence – especially their rights to initiate legislation – enormously increase their leverage on the executive. The separation of powers in the US – with departmental responsibilities divorced from Congress – means that party political hostilities are often submerged in the shared struggle with the executive.

Many MPs stress that the real strengths and weaknesses of committees depend on the quality of their chairmen. While Mr Terence Higgins, the Treasury committee chairman, Mr Frank Field of social security and Mr Winterton are widely admired, there are many others regarded as mere government placemen.

So how might the committees' work be improved? If a self-congratulatory report produced by the Commons Procedure Committee last year is to be believed, no significant changes are needed – a conclusion described by Lord St John as "extremely feeble".

Mr Graham Allen, a Labour dissenter from the report and rare advocate of radical change, believes that there must be free, secret-ballot elections of committee members by MPs – freeing them from the whips. Other proposals include substantially increased financial and research resources and salary payments to members; this might create an incentive for MPs to make a career in government scrutiny as opposed to government itself.

Perhaps the real problem goes deeper – to the "poverty of aspirations" of the British parliament as a watchdog. The teeth are there, but the readiness to bite is lacking.

As Lord St John put it this week: "The trouble with British politicians of all parties is that they are the most conservative people in the world."

# Primary colours

**Lionel Barber** on George Bush's electoral opponents

Mr Patrick Buchanan, the right-wing Republican challenger in the US election campaign, has a great strength: he knows how to get under President Bush's skin.

This skill will not be enough to overcome glaring weaknesses in Mr Buchanan's guerrilla campaign; but it lends an unpredictability to the New Hampshire primary election on February 18, the first critical test of the 1992 campaign.

Mr Buchanan calls the globe-trotting Mr Bush "President of the World". He accuses him of "breaking faith" with the Republican party by raising taxes; and he ridicules his preppy background. "The only unemployed person he knows here is John Sununu," says Mr Buchanan, referring to the former New Hampshire governor who was fired from his job as White House chief-of-staff two months ago.

Mr Bush would love to ignore these jibes. Mr Buchanan is, after all, a simple television pundit and former speech writer to presidents Nixon and Reagan who has never held elected office. But if there were any lingering doubts about the folly of this approach, they evaporated this week when Mr Bush made his first campaign trip to New Hampshire. Early on Wednesday morning, the president received a first-hand account of the economic disaster which has struck the once-thriving New England state and which is driving the protest vote behind Mr Buchanan.

At Pease Air Force base, business and community leaders told Mr Bush the same grim story: 55,000 jobs lost; 22m sq ft of unleased industrial real estate; five of the top seven banks closed; and a 33 per cent drop in home values.

Mr Bush responded gingerly: "I think I've known this economy is in free fall, maybe I've not conveyed it as well as I should. But I do understand."

> Mr Buchanan accuses the president of breaking faith with the Republican party

These penitent tones sound familiar. Four years ago, when he was vice-president, Mr Bush arrived in Iowa to compete in the caucus vote, offered sympathy to stricken farmers and was soundly thrashed. His bid for the White House barely alive, Mr Bush was rescued by a victory in the New Hampshire primary, largely because of his pledge not to raise taxes.

Mr Buchanan pounds away at this broken promise (part of the 1990 budget agreement with Congress which Mr Bush backed in order to cut the Federal budget deficit by $500bn over five years). And he replays the same slogan which Mr Ronald Reagan used to defeat President Jimmy Carter in 1980: "Are you better off four years ago than you are now?"

Pat Buchanan, left: getting under George Bush's skin

The six Democratic candidates are toying with similar themes in their own primary race here, particularly with their appeal to middle-class Americans who have watched their real incomes stagnate over the past 10 years.

Governor Bill Clinton of Arkansas, a centrist who has deliberately shunned the liberal activist vote, has emerged as an early front runner. He faces a tough challenge from former senator Paul Tsongas from neighbouring Massachusetts – and is certain to be attacked during tomorrow's televised debate by Senator Bob Carey, the Vietnam war hero whose campaign has curiously failed to ignite. (Another potential weakness centres on the Gary Hart-style rumours about Mr Clinton's past).

This week, Mr Bush offered a glimpse of his re-election strategy. Apologies aside, he wants to lean on his strengths: the Gulf war victory and the esteem in which the public holds his wife Barbara. He will also count on a favourable response to his forthcoming state of the Union address to Congress.

> Mr Bush needs the support of the Democratic Congress in order to act

Without offering details, the President promised to avoid quick fixes in the economy, focusing instead on long-term measures such as investment tax credits, saving incentives, possible tax credit for first-time home buyers and a plan to reform the hugely expensive US health care system.

These plans underline the power of incumbency in which Mr Bush faces a dilemma. He needs the support of the Democratic Congress to turn his plan into action. If he compromises too much, he will be accused by Mr Buchanan of being a collaborator with the Democrats.

This could prove the true significance of the Buchanan challenge. Almost no one expects him to win in New Hampshire; but he could easily gain 30-40 per cent of the vote because voters may calculate they can afford the luxury of a protest vote in February before supporting Mr Bush in November.

A huge protest vote against Mr Bush would not be enough to make him drop out of the race as president Lyndon Johnson did in 1968 after the strong showing of Senator Eugene McCarthy. But Mr Bush would likely have to tack to the right, adopting some of Mr Buchanan's "America first" rhetoric and making ever more partisan attacks against the Democratic majority in Congress. This runs against Mr Bush's nature, and could leave the middle ground exposed to a Democratic challenger in November. No wonder the Bush camp is worried.

# *LETTERS*

## New funding regime hits disadvantaged

*From Ms Judy Weleminsky.*

Sir, We are deeply disturbed at the expected collapse of Apex Trust ("Apex to apply for an administrator", January 17) and the previous fall of Fullemploy. These are charities doing very important work with disadvantaged groups who will suffer from their demise. The collapse highlights the continuing funding pressures on charities and voluntary organisations providing support and training.

The National Council for Voluntary Organisations has warned the government consistently over the past 18 months that training for special needs is being undermined with the new funding regime used by Training and Enterprise Councils. The two examples are not by any means unique. Indeed, the majority of organisations for people with special needs are under similar pressures. A recent report by NCVO – Making training accessible: meeting special training needs – highlighted the need for greater financial incentives by the government. To date insufficient action has been taken.

NCVO has called on the government to protect funds for training people with special needs. This is the only feasible way to secure provision for the most disadvantaged groups of the unemployed. We will also be seeking an urgent meeting with the Home Office to discuss its role in securing the stability in core funding.

Judy Weleminsky,
*director,*
NCVO,
*26 Bedford Square,*
*London WC1B 3HU*

## Lloyd's risks flight of Names – and insurance giants will fill the void

*From Mr M R Hobson.*

Sir, It is going to need more than just the useful and constructive report (January 16) on Lloyd's by David Rowland's task force to reverse the trend in Lloyd's, if my own experience is anything to go by.

In May this year I wrote and spoke to my Lloyd's members' agency requesting a face-to-face meeting by August 31 (the last date by which a Name can formally resign for the 1992 year). Despite repeated requests, August 31 went by with no meeting.

After repeated requests for an explanation, the agency informed me that it had been "too busy". I apparently have no redress, and this was one of Lloyd's biggest Names agencies. I have been a long-standing Name and underwrote approximately three times more premium than its average Name.

Until this complacency and arrogance is removed from Lloyd's, surely it will have difficulty prospering.

My members' agent had my unlimited liability in his hands, and he could not even spare five minutes to meet me, and, what is more, he seemed surprised that I wanted to discuss and understand what was going on!

I resigned.

M R Hobson,
*4 Buckingham Place,*
*London SW1E 6HR*

*From Mr Michael D Freeman.*

Sir, Claud Gurney concludes (Letters, January 16) by stating that he has sent off his resignation to Lloyd's for the reasons which he so clearly sets out. I fear that his action will be followed by many more Members unless Lloyd's understands that its future is inextricably linked to a fair resolution of the problems of the past, as highlighted by its dreadful results for 1988 and 1989.

The task force rightly points out, and Lloyd's has at long last accepted, the urgent need to "cap" its Members' losses. However, the brief of the task force was only to look to the future. Thus Names who have already suffered losses exceeding 150 per cent of their premium income limit, and who see no end in sight because so many underwriting years of so many syndicates remain "open", will derive no benefit as a result of the proposals which very belatedly are now attempting to address the problems.

Lloyd's own estimate is that it suffered 4,000 resignations in 1991 and at least 2,000 Members cannot continue to underwrite because they have failed the solvency test. The 1989 results, to be published in June, are expected to reveal a loss of £1.3bn which can only exacerbate the flight from Lloyd's.

It must surely be plain to Lloyd's that if it is to retain and indeed increase its capacity to take advantage of the hardening of the market, it must restore the confidence of its Members who are its only source of capital.

If Lloyd's fails to do this the giants of the European and US insurance market will simply step in to fill the void.

Michael Freeman,
*1 Great Cumberland Place,*
*London W1H 7AL*

*From Mr Edward de Bono.*

Sir, Lloyd's is one of those marvellous British institutions which works very well if everyone behaves like a gentleman and the bounders are kept out. There is a strong feeling that Lloyd's is interested in preserving its name at the expense of the Names. The report does realise that without the Names there is no Name but does little to put matters right.

The Council of Lloyds might be accused of a serious lack of care in allowing an agency to go out of business without the need to renew errors and omissions cover for mistakes that would not be visible for two years after it went out of business. This is exactly the case with Lime Street agencies whose members suffered some of the worst losses (being on both Feltrim and Gooda Walker syndicates). This agency has now ceased to function and carries no errors and omission policy beyond the date of its ceasing operations. Liability policies were only on a claims made basis and cannot cover claims made later. Apparently this is fully permitted by the Council of Lloyds and would seem to indicate a certain lack of concern for Names. At the very minimum agents should not be allowed to incorporate but should remain personally liable for errors and omissions committed by them.

The Name of Lloyd's should not be used to attract Names who then come to feel themselves exploited.

Edward de Bono
*L2 Albany*
*Piccadilly, London W1V 9RR*

## Devilish task to negotiate pensions maze

*From H Russell Irving.*

Sir, John Plender must have missed the sweetener in his morning coffee before he wrote "Sinking funds" (January 14). His indictment of the "gaggle of actuaries, lawyers, bankers and consultants" as a "dismal, self-serving lobby" is overdone. While I am not a member of this dismal gaggle, I have dealt with it on both sides of the Atlantic for more than 20 years. I think Mr Plender's Scud was fired in the wrong direction so here is a Patriot in response.

Pension legislation is obviously needed and the professional organisations in the UK, including the National Association of Pension Funds, are providing sound advice to the lawmakers.

Achieving the right degree of regulation over this complex and sensitive maze of conflicting interests will be a devilish task. The US Congress passed its landmark pension legislation in 1974 and America's pension funds (and its own gaggle of experts) have spent the past 17 years working out the snags.

At the end of the day, the basic issue is simple: How effectively to insure fiduciary responsibility. Those who deal with the assets of a pension scheme are held to a standard requiring above all else loyalty to the beneficiaries. In this context "loyalty" means the trustees must deal solely in the interest of the plan members and never benefit themselves from the use of plan assets.

Fraud can no more be eliminated in the pension system than it can in the rest of the financial world. It can only be made more difficult to bring off.

The UK pension community is well-served by its professional advisers and exerts as they tackle the problem of protecting plan members while avoiding smothering pension trustees under a bureaucratic blanket of regulations.

H Russell Irving,
*Phoenix Investment Counsel,*
*100 Park Lane,*
*London W1Y 4AR*

## An exhortation to spend

*From Dr Derek Tordoff.*

Sir, I agree with Michael Keevill (Personal View, January 16) that the construction industry needs a kick-start. He suggests that the way to achieve this is for government to permit local authorities to spend more of their capital receipts from the sale of council houses.

However, according to the prime minister in a letter to the British Constructional Steelwork Association on December 16, the fault lies with the local authorities. He states: "Local authorities have considerable scope to increase investment in new construction without any change in the current rules. Last year, they reported the availability of some £3.5bn of capital receipts, but spent only 62 per cent of that amount."

Local authorities take note – the prime minister is urging you to spend!

Derek Tordoff,
*BCSA,*
*4 Whitehall Court,*
*Westminster,*
*London SW1A 2ES*

## Circulation is not a problem

*From Mr Nigel Hastilow.*

Sir, Your report on the £125m management buy-out at the Birmingham Post & Mail (January 3) referred to the Birmingham Post as "the problem paper of the group".

While it is undoubtedly true that every newspaper seeks to attract new readers the Birmingham Post is widely read by the most influential men and women in the West Midlands and, as a result, it is generally recognised as an important advertising vehicle.

As the Financial Times will testify, a relatively low sales figure does not mean that a newspaper cannot be profitable. To say that the Birmingham Post is "the problem paper of the group" when compared with the mass circulation Evening Mail is a little like calling the Financial Times a problem paper because it is out-sold by the Sun.

Nigel Hastilow,
*deputy editor,*
*Birmingham Post,*
*28 Colmore Circus,*
*Queensway,*
*Birmingham B4 6AX*

**Fax service**

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

## UK COMPANY NEWS

# Paribas to provide £83m for private Maxwell loans

**By William Dawkins in Paris and Robert Peston in London**

SHARES IN Paribas fell more than 7 per cent yesterday as the French investment bank said it would have to make about FFr800m-worth of provisions (£82.6m) in its 1991 accounts to cover the risk of losses on its loans to Maxwell private companies.

It is the first bank to make a public estimate of the scale of its losses on Maxwell loans. Indeed its losses are likely to be among the biggest recorded by any bank.

The bulk of Paribas' exposure is understood to be held in its Swiss subsidiary, Paribas Suisse, which acted as the lead bank in a £100m syndicated loan to PHA Finance, a Maxwell vehicle.

Paribas' share of the facility is unusually high and may be as great as 80 per cent.

This loan was secured against 118.5m shares in Maxwell Communication Corporation, the company which is now in administration under UK insolvency legislation. MCC shares are now regarded by the banks as worthless.

However Paribas refused to comment on stock market rumours that its net profits fell last year by 41 per cent from FFr2.54bn to FFr1.5bn. The rumours contributed to yesterday's 7.3 per cent share price fall to FFr330, the steepest drop on the Paris bourse.

Officials were surprised by the fall, given that Mr André Lévy Lang, chairman, had already warned earlier this month that the group would be making heavy provisions on several large corporate loans.

French banks, such as Crédit Agricole, Banque Nationale de Paris and Crédit Lyonnais, may face bigger losses on loans to the Maxwell public and private companies than even the UK clearing banks. Crédit Lyonnais, which is chairing the steering committee representing bank lenders to MCC, is believed to be particularly exposed, with loans estimated at about £150m.

When the UK clearers announce their 1991 results next month, they are expected to disclose provisions totalling more than £200m to cover the risk of losses on their Maxwell loans. The biggest Maxwell-related losses are expected to be taken by Lloyds.

See World Stock Markets

# GrandMet sells stake in Rémy Cointreau

**By Philip Rawstorne**

GRAND Metropolitan, the drinks, food and retailing group, is to sell its 20 per cent stake in Rémy Martin and Cointreau, the French cognac and liqueur companies, acquired two years ago for £100m.

GrandMet announced that it was exercising its option to sell the equity to the controlling shareholders, Rémy Cointreau, after a review of the worldwide distribution strategies of both groups.

No price was disclosed but GrandMet is expected to show a profit. The holding was acquired by International Distillers and Vintners (IDV), the drinks division, with a view to cementing and possibly extending its trading relationship with Rémy Cointreau.

IDV, Cointreau and Cinzano, the Italian wines company, have joint venture distribution companies in France, Germany, Spain and Italy. And the IDV drinks portfolio would have been strengthened by the addition of leading cognac and champagne brands.

But Mr George Bull, IDV's chairman, said: "It became apparent that within the exactly matching strategies of the two companies to control their own distribution networks, the retention of the shareholding no longer served a useful purpose."

Since the merger of the family-controlled businesses in 1990, Rémy Cointreau has also been rationalising and extending its own distribution system. European sales of most of the Cointreau products will be integrated into the group's network within the next three months.

Both GrandMet and Rémy Cointreau stressed yesterday that they remained on friendly terms and expected to announce details of continuing trading arrangements shortly.

● Sir Allen Sheppard, GrandMet's chairman, was paid a total of £713,391 last year, a rise of £74,266 or 12 per cent.

The group's annual report also reveals that, apart from Sir Allen, 28 per cent of the pay of the group's executive directors was in the form of performance-related bonuses.

# And here's to you, Thomas Robinson

**Jane Fuller on the thinking behind BM's next acquisition step**

BM GROUP, the construction equipment distributor and maker which has so far defied the recession, looks set to broaden its engineering activities with the takeover of Thomas Robinson.

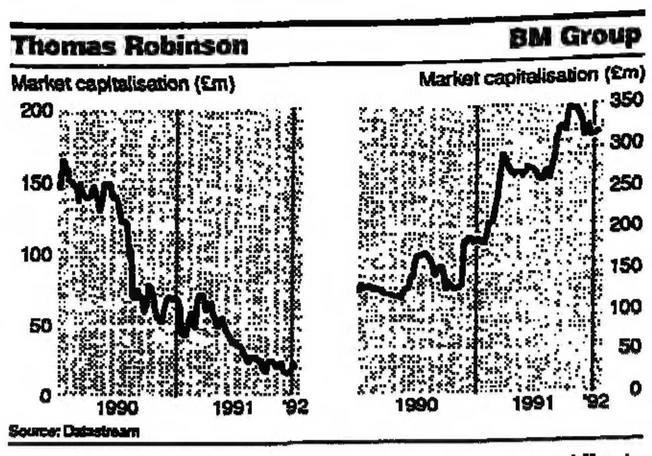
Shares in both companies were suspended yesterday: BM's at 400p and Robinson's at 12½p, giving the potential target a market value of about £20m.

The deal being contemplated is thought to be worth about twice that amount, with BM favouring the use of its paper to limit the damage to its gearing.

Robinson, which, since August, has been guided by Mr Roy Barber, the company doctor, saw its debt rise to nearly £64m last spring and it still owes nearly £40m – gearing of about 100 per cent. BM may also go for a fund-raising exercise to reduce the level of borrowings taken on.

Headed by Mr Roger Shute, BM acquired Blackwood Hodge, the ailing international distributor of earth-moving equipment in November 1990. Although the combined group's debt had been brought down from £110m to £81m by June 30, the Robinson deal – if completed – comes a little sooner than expected.

It remains to be seen whether it would threaten BM's aim of reducing year-end gearing from 68 per cent to less than 40 per cent.



Source: Datastream

Timing aside, such an acquisition would carry out Mr Shute's aim to expand the engineering/manufacturing wing of the business and reduce the dependence on construction equipment which accounted for more than 70 per cent of last year's sales.

BM's distribution activities were given a big push forward by the purchase of Blackwood Hodge, which cost about £55m – mostly in shares which were then valued at 245p each.

That deal also accelerated BM's effort to increase overseas sales. In 1988-89, only 15 per cent lay outside the UK; after Blackwood the proportion grew to 65 per cent.

BM has grown rapidly to make pre-tax profits in 1990-91 of £34.1m – 15 times 1985-86 – on sales of nearly £400m. This year it is forecast to make about £43m pre-tax and earnings per share of over 33p.

Like Blackwood in the run-up to its purchase, Robinson is losing money. In the first half of 1991, the pre-tax deficit was £22.3m, just over half arising from the cost of redundancies, reorganisation and stock write-downs. No worthwhile profits were expected until 1993.

Robinson was highly acquisitive in the late 1980s under the chairmanship of Mr Graham Rudd, brother of Nigel who heads Williams Holdings, the industrial conglomerate which has been far more successful with its purchases.

At its peak in 1989, when the prevailing share price was 18 times yesterday's level, Robinson made a pre-tax profit of £25m on sales of £308m.

Since the departure of Mr Rudd, Mr Barber's team has sold the electrical contracting and motor divisions, plus flour milling and one or two other subsidiaries, to reduce debt.

What remains turns over about £150m a year and the dominant parts are woodworking and the Unifix and Nettlefold fastenings businesses. Baking machinery and some specialist engineering companies are also there.

Some kinship can be seen between these activities and, for instance, BM's interests in joinery, components distribution and dairy equipment.

As with Blackwood, a big rationalisation exercise has had to be carried out, although this time nearly all of it has been done and provided for in the accounts.

Mr Barber came to Robinson from fire fighting at Astra Holdings, the munitions and fireworks company which not only needed sorting out at an operating level, but had also attracted investigation by the DTI.

BM said yesterday that it expected to make an announcement on Wednesday.

# Addison buys UK side of AGB

**By Raymond Snoddy**

ADDISON, the market research group, has reached preliminary agreement with the administrators to buy most of the UK interests of AGB Research, part of the collapsed Maxwell private empire.

Mr Murdoch McKillop, the administrator from Arthur Andersen has also reached conditional agreement with a management consortium to buy the European subsidiaries of AGB.

The UK deal would take Addison, which trades under the name Taylor Nelson, from sixth position in the UK market research industry to top position with a combined annual turnover of about £60m.

Mr Tony Cowling, chief executive of Addison, which specialises in market research in food and over-the-counter pharmaceuticals, said yesterday: "It's a good company with good products and good people."

Addison is expected to have a rights issue and to try to attract new institutional shareholders. At yesterday's suspension price of 14½p it had a market capitalisation of £9.3m.

Addison is buying the trade and operating assets of the businesses involved and is not taking on any liabilities over the pension fund. The AGB part of the Maxwell pension funds should have been worth about £60m. It is not clear how much of that is left.

The purchase, which is expected to be completed within four weeks, will include the AGB continuous research panels in areas such as food and packaged goods and the panels that provide the UK television industry with its ratings information. Addison is also buying the ad hoc market research businesses.

No price was disclosed deal but industry speculation last night put the figure at between £15m and £20m.

MAI, the financial services, marketing and television group, holds 25 per cent of Addison. In 1988 it was about to raise its stake in AGB to 30 per cent until Mr Robert Maxwell swooped and took the company over with an offer which valued the business at £134m. Since then many parts of the business have been sold.

MAI was invited to bid for AGB but did not. The big surprise was that AC Nielsen was apparently outbid for AGB. Opposition to a Nielsen takeover from users of the AGB continuous research panels on the grounds of monopoly and the near certainty of interest from the Office of Fair Trading may have been a factor.

● The Gutenberghus Group has bought the Maxwell stake in Fleetway Editions, the comic company with titles such as Dan Dare, Roy of the Rovers and Postman Pat. Last October Maxwell's Fleetway and London Editions Magazine, owned by Gutenberghus, set up a 50:50 joint venture. The takeover of the Fleetway 50 per cent is designed to end uncertainty "following the recent developments in the Maxwell Group".

**Mr Kevin Maxwell will have to wait at least a week to find out if the Appeal Court will allow him the right to silence over millions of pounds missing from pension funds controlled by Mr Robert Maxwell, his late father.**

**Lord Justice Dillon reserved judgment yesterday after hearing five days of legal argument. He told the court that, because of the urgency of the issue, the judgment would be given as soon as he and his co-judges had "clarified the issues in our minds".**

**But the battle may not end in the Appeal Court. Lawyers think that, because of the fundamental legal implications, the case could continue to the UK's highest court, the House of Lords.**

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Am'nt Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price | +or- | Net Div | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| – | F.P. | – | 71 | 49 | BTR Warrants 1995/96 | 66 | +4 | – | – | – | – |
| – | F.P. | – | 120 | 105 | Baillie Gifford Jap Wrrts | 118 | | – | – | – | – |
| – | F.P. | – | 425 | 405 | Bristol Water Non-Vtg £1 | 425 | | – | – | – | – |
| *335 | 110 | – | 126½ | 112¼ | British Telecom New | 114xd | –1 | 13.3 | 2.6 | 5.2 | 9.9 |
| 140 | F.P. | – | 157 | 140 | Burn Stewart Dist. | 150 | –5 | R5.0 | 2.3 | 4.4 | 11.6 |
| – | F.P. | – | 2½ | 2 | Butte Mining Wrrnts. | 2 | | – | – | – | – |
| † | F.P. | – | 75 | 63 | Capital Industries 1p | 63 | | – | – | – | – |
| – | F.P. | – | 310 | 218 | Eurotunnel '91 Wrnts. | 303 | +3 | – | – | – | – |
| – | F.P. | – | 33 | 23 | Fleming Japanese Wrrnts. | 25½ | | – | – | – | – |
| ‡ | F.P. | – | 25 | 24½ | Hong Kong Zero Dv Pf | 25 | +½ | – | – | – | – |
| £10⅛ | F.P. | – | £10⅛ | £10⅛ | Latin Am Inc & Aggr. 1c | £10⅛ | | – | – | – | – |
| – | F.P. | – | 4 | 3 | Lowe (R) Wrrnts | 3 | | – | – | – | – |
| – | F.P. | – | 4 | 4 | MultiTrust Warrants | 4 | | – | – | – | – |
| 60 | F.P. | – | 59 | 53 | §Seafield Resources | 54 | | – | – | – | – |
| 50 | F.P. | – | 33 | 33 | §Simpsons of Cornhill 5p | 33 | | – | – | – | 10.2 |
| 100 | F.P. | – | 106 | 103 | St. Davids Zero Div Pf | 105¼ | | – | – | – | – |
| – | F.P. | – | 4½ | 3½ | Wills Group Wrrnts. | 4½ | | – | – | – | – |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| 10p | F.P. | - | 10p | 8p | Butte Mining 10pc (Net) Cv Prf 1994 | 10p | |
| 100 | F.P. | - | 107½ | 98½ | Camborne Inds. 10½pc Ri. Deb. 2001 | 107½ | +2 |
| 100p | F.P. | - | 106p | 100p | Fidelity Euro. Values Equity Ln 2001 | 106p | +1½ |
| 105 | F.P. | - | 105 | 98 | Greencore 9.5% Cnv Un Ln Stk 1995 | 100 | |
| 310p | 150p | - | 248p | 167p | Inchcape Non-Int. Bearing Cv Un Ln | 248p | +4 |
| 100p | F.P. | - | 104p | 100¼p | NatWest Bank 9pc Prf Series A | 103¼p | +¼ |

### RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 43 | Nil | 6/2 | 10pm | 9½pm | Airbreak Leisure 5p | 10pm | |
| 43 | Nil | 17/2 | 5pm | 2pm | Anglo Irish Bank | 2pm | |
| 220 | Nil | 26/2 | 27pm | 13pm | Beales Hunter 20p | 13pm | –10 |
| 235 | Nil | 27/1 | 31pm | 11pm | Hartstone | 27pm | –1 |
| 415 | Nil | 28/2 | 127pm | 100pm | Northern Foods | 119pm | –6 |
| 77½ | Nil | 20/1 | 1½pm | ¼pm | River & Merc. Cap. | ¼pm | |
| 105½ | Nil | 30/1 | 1½pm | ¼pm | Do. Inc. | ¼pm | |
| 113½ | Nil | 20/1 | 6pm | 3pm | Do. Stpd. Pf | 6pm | +2½ |
| 17½ | Nil | 30/1 | 1½pm | ¼pm | Do. Warrants | ¼pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¢ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ¤ Unit comprising of 5 Ords and 1 Warrant.

## TRADITIONAL OPTIONS

- First Dealings Jan. 20
- Last Dealings Jan. 31
- Last Declarations Apr. 23
- For settlement May 5

*3-month call rate indications are shown on page 9.*

Calls in **Airtours, Astec (BSR), Burton, Flextech, Ibstock Johnsen, Kunick, Lonrho, Medeva, Proteus Intl. and Pelon.** Puts in **ADT.** Put and call in **Lonrho.**



# Kunick tumbles 29% to £12.4m and cuts dividend

**By Peggy Hollinger**

KUNICK, the fruit machine and nursing homes group, more than halved its final dividend as pre-tax profits plunged 29 per cent to £12.4m in the year to September 30.

Although the results were in line with warnings issued by the group in October, the sharp dividend cut from 1.4p to 0.6p took most analysts by surprise. The total pay-out for the year was 1.4p, 30 per cent down on the previous year.

In May Kunick anticipated paying a final dividend of 1.2p, barring "unforeseen circumstances". Mr Russell Smith, chairman, said that the unforeseen circumstance had been "very poor trading", with "no prospect of an upturn".

The chairman blamed the hard-pressed pub sector for many of Kunick's troubles in the game machine business. During the recession some 10,000 to 15,000 pubs had ceased trading, he said.

The Monopolies and Mergers Commission report on the brewing industry was also blamed for creating unfavourable turbulence.

The leisure division, which claims 43,000 amusement machines as opposed to 46,000 at the end of last year, posted a 28 per cent decline in profits.

Political uncertainty was affecting the care services division, which reported an 83 per cent rise in operating profits.

Kunick's visitor attractions division – including the waxwork dungeons in London and Paris – suffered badly last year although it continued to make profits.

Following the £17.6m rights issue in May, a debt restructuring and the £2.5m sale of a minority stake in the French holding company, Amira, Kunick's gearing fell from 73 to 50 per cent.

Fully-diluted earnings per share tumbled from 4.93p to 3.1p. Turnover rose from £108m to £116m.

Russell Smith: no prospect of an upturn

● **COMMENT**

Kunick's theory that fruit machines can fund its nursing homes took a thorough drubbing last year. So did shareholders who have seen the stock fall from 45p less than a year ago to last night's 13¼p. That unhappy shareholder base might be one reason to avoid the shares, while the outlook for pub trading this year makes an even stronger case against. Forecasts of £10.5m, with a prospective p/e of 8.5 might make the shares look cheap, but only the most daring would risk it right now. Still, with such an operationally geared business as fruit machines, and a sound long-term strategy for the care services side, the shares are certainly not a sell. Hang on for the eventual upturn.

# Arjo Wiggins fails for second time to sell stake in Soporcel

ARJO WIGGINS Appleton, the paper group, has failed for the second time in as many years to sell its 42.8 per cent stake in Soporcel, the Portugese pulp and paper maker, writes Daniel Green.

Yesterday it broke off negotiations with a consortium led by South Africa-based Mondi Paper, part of the Anglo American group. The consortium included Neusiedler, an Austrian paper company.

Mr Stephen Walls, Arjo Wiggins' chief executive, said: "We have always made it clear that we were only a seller on the right terms.

The company's shares fell 17p to 258p.

Arjo Wiggins would not say what the Mondi consortium had offered except that it was "less than £126m". That was the figure Arjo Wiggins accepted from Stora of Sweden, Europe's largest paper and pulp company, in 1990 before the deal was blocked by the Portugese government.

The company said yesterday it still wanted to sell the stake, for which it paid £42m in 1985.

# IBM UK's chief executive quits

**By Alan Cane**

SIR ANTHONY CLEAVER has resigned unexpectedly as chief executive of International Business Machines' UK subsidiary. He retains the role of chairman.

His successor as chief executive and UK representative on IBM's European management board is Mr Nick Temple, general manager of IBM UK since January 1991.

Sir Anthony, who is 53, has worked for IBM since 1962. He succeeded Sir Edwin Nixon as chief executive in 1986 and became chairman in 1990.

Mr Temple, 44, has been with IBM since 1965 and has held a variety of senior posts including European vice president with responsibility for systems and products, and general manager, European central unit, where he was involved in developing IBM's trade with the eastern bloc.

For the past year Mr Temple has been developing and implementing a radical reorganisation within IBM UK designed to improve profitability and competitiveness which has led to the loss of some 2,500 jobs.

His appointment is seen as reflecting IBM's need to take drastic measures to restructure the company in the face of depressed sales and declining profitability. IBM UK's figures will not be published for some weeks but, reflecting the high cost of restructuring, are expected to be unattractive.

IBM results - Intl Companies

# Nationwide again insured against losses

**By David Barchard**

Nationwide Anglia, the second largest building society, went for nearly eight months last year without an outside insurer for its mortgage losses after it ended a three year agreement with Sun Alliance in April.

Mr Daniel Hodson, deputy chief executive, confirmed yesterday that the society has now signed a retrospective agreement with an insurance group who will in effect be insurers and reinsurers for its mortgage losses this year and next year.

The agreement, an "excess of loss" reinsurance agreement, was placed on the market in early December.

Mr Hodson declined to say which group had won the contract.

The arrangement with Sun Alliance was not renewed after it increased its premiums. Mr Hodson said yesterday that the new agreement was not necessarily very much more expensive, even though it came after a year of sharply increased arrears problems.

He said the costs of the deal covering the past year were commensurate with those for the coming year, but admitted that the premium would be somewhat higher.

During the period when it was not covered by an outside policy, Nationwide collected premiums from its customers to be paid when the new insurer was in place.

Loan loss provisions last year were £94.8m.

# Aids drug sales boost Wellcome

**By Daniel Green**

SALES by Wellcome, the pharmaceutical group, were 20 per cent higher in the last four months of 1991 than in the comparable period in 1990.

Sir Alastair France, the chairman, told yesterday's annual meeting that "our main anti-viral products, Zovirax and Retrovir, are exhibiting particularly encouraging growth."

The return to growth in the sales of Retrovir, the Aids drug, helped Wellcome shares rise 12p to £10.34.

Members of Wisa, the Wellcome Independent Shareholders Association, pressed for a cut in the price of Retrovir and a freezing of the dividend to pay for that.

Mr John Robb, the chief executive, said that pricing policy was under continual review.

# Institutional holders seek to oust Cityvision board

**By Norma Cohen, Investments Correspondent**

THREE institutional shareholders in Cityvision, the video rental chain, have called for an extraordinary general meeting to oust the current management and replace it with a team led by two of the company's former executives.

The shareholders, Fidelity Investments, US-based Alliance Capital and Postel – the UK's largest pension fund – hold approximately 16.8 per cent of Cityvision's shares. Companies are required to hold an EGM if those holding a minimum of 10 per cent of shares ask for one.

Cityvision is facing a £75m agreed bid from US-based Blockbuster Entertainment Corporation which some shareholders say does not fairly reflect the value of the company's franchise. Some were also angered by directors' move to improve their severance terms around the time they were discussing the friendly bid.

Yesterday, Cityvision's directors urged shareholders to ignore a circular by the two former executives, Mr Phillip Crane and Mr Ray Hipkin who have the backing of the three institutional investors.

Cityvision said that the two "are offering shareholders nothing" and that by the time an EGM could be called, the Blockbuster offer was likely to have become effective. The company also said that it had issued legal proceedings against Mr Hipkin after he resigned in 1988.

Yesterday, Cityvision shares closed at 51p, some 3p below the weighted value of the cash and shares offer.

See Lex

# Micrelec shares rise 8p on possible bid

MICRELEC GROUP, which serves the petrol forecourt trade and has just announced a first half loss, has been approached by third parties which may lead to an offer being made for it.

Yesterday its shares on the USM moved up 8p to 121p, putting a value on the group of a little more than £16m.

Mr Peter Beck, the chairman, said the second half was also likely to show a trading loss but he was confident of a return to profitability in 1992-93. The group had a good future on its own, he added, but "opportunities that exist in the market place could be such that they would be more rapidly addressed as part of a larger group".

The directors were examining all options open to them, he said.

The group's main business is the manufacture of electronic pump control, point-of-sale, funds transfer and management information systems for use at petrol stations.

In the half year ended September 30 1991 the group suffered as a result of the much reduced expenditure by oil companies. On a 27 per cent drop in turnover to £8.34m (£10.6m) there was a downturn from a pre-tax profit of £1.11m to a loss of £442,000.

Losses per share came to 2.5p (earnings 5.51p) and the interim dividend is again 1.35p.

Mr Beck said the sale of Normond CMS, the tank gauging division, for £7m was a most significant development.

## NEWS DIGEST

### Further results delay at Eurocopy

EUROCOPY, the photocopier distribution and servicing group, is again postponing the publication of its results for the year to September 30 1991. Its shares slipped 2p to 80p on the announcement.

The group said that it had not yet received the decision by the Office of Fair Trading on the investigation into its Consumer Credit Act licences. The OFT's legal notice came in August after press reports and parliamentary questions in autumn 1990 about practices at two of Eurocopy's subsidiaries.

The group had intended to announce its results on December 17, believing, it said, that the OFT decision would have been known by then.

It now believes that the decision is imminent and has said that it will release its results within seven days of the publication of the OFT findings.

In August, Eurocopy said that the negative publicity had affected its trading and forecast profits for the year to end-September of £7.4m. Previously it had expected to make £12m.

### Aberforth Smaller net assets growth

Net asset value of ordinary shares in Aberforth Smaller Companies Trust rose from 96.7p to 126.2p over the period from December 10 1990, its launch date, to end-1991. Total income came to £1.36m and earnings per share were 5.27p. The final dividend of 2.5p makes a total of 4.5p.

In November £53m net was raised through a placing and open offer of C shares, and at December 31 62.5 per cent of that capital was invested and the net asset value per C share was 96.3p.

### LPA Inds almost halved to £476,000

"The squeeze on margins" across the sector were shown in the almost halved pre-tax profits at LPA Industries in the year to September 30.

Mr Arthur Rusch, chairman of this USM-quoted industrial electrical accessories group, said that the results "graphically display the severity of the current recession". Profits fell to £476,000 (£904,000) pre-tax and they were struck on turnover down at £6.49m (£7.07m).

Earnings fell to 3.69p (6.69p) and the final dividend is held at 1.87p for an unchanged total of 3.52p.

### St Andrew Trust assets decline

At December 31 net asset value of St Andrew Trust stood at 226.1p after prior charges at par. Six months earlier it was 237.7p and at the end of 1990 it was 204.2p.

The core of the portfolio – 62 per cent – was invested in the UK.

Gross revenue for the year slipped to £4.14m (£4.22m) and earnings fell to 7.12p (7.36p). The final dividend is 4.85p for a total of 7.55p (7.2p).

### Blacks Leisure buys Quaser brand

Blacks Leisure, the sports and leisure retailer and distributor, is paying £1.9m in shares for Quasersport, which is a new company that recently bought Bright Task, the previous owner of the Quaser brand of sports footwear.

### TVS Entertainment

The debt of TVS Entertainment is $75.8m not £75.8m as reported yesterday.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

| 1/2 hour period ending | Provisional Price for Trading on 18.01.92: Pool purchase price £/MWh | Final Prices for Trading on 21.12.91: Pool purchase price £/MWh | Final Prices for Trading on 21.12.91: Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 17.17 | 17.17 | 17.17 |
| 0100 | 21.51 | 23.67 | 25.49 |
| 0130 | 24.94 | 23.57 | 25.47 |
| 0200 | 24.94 | 23.57 | 25.45 |
| 0230 | 24.94 | 22.50 | 24.34 |
| 0300 | 19.18 | 22.50 | 24.34 |
| 0330 | 19.16 | 18.95 | 20.88 |
| 0400 | 19.16 | 17.42 | 17.42 |
| 0430 | 17.17 | 17.21 | 17.21 |
| 0500 | 17.16 | 17.12 | 17.12 |
| 0530 | 17.11 | 17.10 | 17.10 |
| 0600 | 17.13 | 17.10 | 17.10 |
| 0630 | 17.13 | 17.10 | 17.10 |
| 0700 | 17.11 | 17.21 | 17.21 |
| 0730 | 17.14 | 17.27 | 17.27 |
| 0800 | 17.16 | 17.27 | 17.27 |
| 0830 | 17.18 | 18.99 | 20.77 |
| 0900 | 17.24 | 19.13 | 20.80 |
| 0930 | 17.84 | 20.96 | 22.80 |
| 1000 | 18.30 | 23.77 | 25.73 |
| 1030 | 18.30 | 23.77 | 25.72 |
| 1100 | 18.30 | 23.77 | 25.73 |
| 1130 | 18.30 | 19.80 | 21.60 |
| 1200 | 18.30 | 19.80 | 21.60 |
| 1230 | 18.30 | 19.80 | 21.60 |
| 1300 | 17.64 | 19.80 | 21.59 |
| 1330 | 17.64 | 19.38 | 21.14 |
| 1400 | 17.17 | 17.42 | 17.42 |
| 1430 | 17.14 | 17.27 | 17.27 |
| 1500 | 17.11 | 17.21 | 17.21 |
| 1530 | 17.11 | 17.21 | 17.21 |
| 1600 | 17.16 | 17.35 | 17.35 |
| 1630 | 17.18 | 19.80 | 21.57 |
| 1700 | 24.84 | 21.11 | 22.91 |
| 1730 | 24.84 | 24.27 | 26.15 |
| 1800 | 24.84 | 24.27 | 26.14 |
| 1830 | 24.84 | 22.50 | 24.32 |
| 1900 | 20.73 | 21.54 | 23.34 |
| 1930 | 20.73 | 20.98 | 22.76 |
| 2000 | 19.15 | 20.00 | 21.76 |
| 2030 | 18.01 | 19.91 | 21.67 |
| 2100 | 17.64 | 19.91 | 21.68 |
| 2130 | 17.64 | 19.13 | 20.87 |
| 2200 | 17.64 | 17.35 | 17.35 |
| 2230 | 17.14 | 17.11 | 17.11 |
| 2300 | 17.13 | 17.06 | 17.06 |
| 2330 | 17.06 | 17.01 | 17.01 |
| 2400 | 17.10 | 17.01 | 17.01 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

## ECONOMIC DIARY

**TODAY:** Dusseldorf boat show opens.

**TOMORROW:** National Savings results (December). General elections in Mali. Mr Gennady Burbulis, Russian first deputy prime minister, visits Helsinki.

**MONDAY:** Confederation of British Industry survey of distributive trades (December). Retail sales (December – provisional). Officials of the European Community and Gulf Cooperation Council meet in Brussels for negotiations on new trade agreement (until January 21). Results of CBI/Coopers Deloitte survey of UK financial services.

**TUESDAY:** Major British banking groups' monthly statement (December). Provisional estimates of monetary aggregates (December). Mr Douglas Hurd, foreign secretary, attends American Chamber of Commerce lunch at the Dorchester Hotel.

**WEDNESDAY:** Index of the production and construction for Wales (third quarter). Index of output of the production industries (November). US housing starts (December). Foreign ministers' conference on humanitarian aid for the states of the former Soviet Union opens in Washington. British Chambers of Commerce quarterly economic survey.

**THURSDAY:** Social trends 22 (1992 edition). Baltic states conference on the reintegration of the Baltic states into the world community at Chatham House in London (until January 24). Mr John Major, prime minister, speaks on "World class Britain" at National Vocational Qualifications conference in London. Health and Safety Commission launch consultative document on safe use of display screen equipment at work.

**FRIDAY:** US monthly budget (December). Decision by an American judge on the acceptance of an offer from the Bank of Credit and Commerce International, which has pleaded guilty to federal charges of racketering as part of a proposed plea bargain under which it will forfeit a record US$550m (£302m) in seized assets. Senior officials of the Southern African Development Co-ordination Conference meet in Maputo with donors from the West.

## FT-ACTUARIES SHARE INDICES

© The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section | Friday January 17 1992: Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%)) | Est. P/E Ratio (Net) | xd adj. 1992 to date | Thu Jan 16 Index No. | Wed Jan 15 Index No. | Tue Jan 14 Index No. | Year ago (approx) Index No. | 1991/92 High | 1991/92 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (178) | 785.41 | +1.6 | 8.68 | 6.12 | 14.74 | 0.19 | 772.78 | 762.22 | 755.22 | 692.06 | 890.04 15/3/91 | 675.31 16/1/91 | 1038.07 16/7/87 | 50.71 13/12/74 |
| 2 | Building Materials (23) | 951.29 | +3.2 | 7.31 | 6.55 | 18.51 | 0.00 | 922.03 | 897.96 | 889.50 | 945.63 | 1167.75 14/3/91 | 820.50 23/12/91 | 1381.08 16/7/87 | 44.27 11/12/74 |
| 3 | Contracting, Construction (29) | 870.20 | +2.1 | 9.23 | 8.52 | 15.61 | 0.00 | 851.96 | 836.43 | 833.62 | 1063.56 | 1438.66 15/3/91 | 822.60 23/12/91 | 1951.50 16/7/87 | 71.48 2/12/74 |
| 4 | Electricals (7) | 2509.93 | +1.7 | 9.89 | 5.98 | 12.71 | 0.00 | 2468.12 | 2433.47 | 2406.37 | 1882.05 | 2675.48 1/10/91 | 1837.98 22/1/91 | 3040.80 8/9/89 | 84.71 25/6/62 |
| 5 | Electronics (26) | 1712.84 | +0.6 | 10.78 | 5.02 | 11.76 | 0.41 | 1703.08 | 1683.74 | 1692.96 | 1500.14 | 1958.19 15/3/91 | 1478.08 16/1/91 | 2308.22 19/5/89 | 1229.01 8/10/85 |
| 6 | Engineering-Aerospace (8) | 342.18 | +0.4 | 15.78 | 7.59 | 7.71 | 0.00 | 340.97 | 346.41 | 342.93 | 391.54 | 469.23 9/4/91 | 318.78 23/12/91 | 502.42 13/6/90 | 318.78 23/12/91 |
| 7 | Engineering-General (43) | 484.35 | +1.1 | 9.89 | 5.14 | 12.47 | 0.84 | 479.23 | 475.19 | 469.71 | 346.38 | 503.16 2/10/91 | 339.57 23/1/91 | 505.10 15/6/90 | 339.57 23/1/91 |
| 8 | Metals and Metal Forming (10) | 330.17 | +1.2 | 2.12 | 10.52 | – | 0.00 | 326.31 | 310.76 | 306.75 | 386.07 | 509.18 3/4/91 | 286.87 20/12/91 | 596.67 9/10/87 | 49.65 6/1/75 |
| 9 | Motors (13) | 304.34 | +2.5 | 8.39 | 7.83 | 15.84 | 0.00 | 297.05 | 287.21 | 280.38 | 275.66 | 371.25 6/9/91 | 266.43 16/1/91 | 411.42 13/10/87 | 19.91 6/1/75 |
| 10 | Other Industrial Materials (19) | 1619.70 | +1.5 | 7.43 | 5.06 | 16.01 | 0.00 | 1595.48 | 1585.68 | 1565.96 | 1194.41 | 1695.01 2/9/91 | 1147.76 16/1/91 | 1881.53 18/8/89 | 277.55 15/1/81 |
| 21 | CONSUMER GROUP (188) | 1623.35 | -0.3 | 7.18 | 3.40 | 17.14 | 1.53 | 1628.82 | 1646.08 | 1639.28 | 1214.93 | 1646.08 15/1/92 | 1188.45 16/1/91 | 1646.08 15/1/92 | 61.41 13/12/74 |
| 22 | Brewers and Distillers (23) | 2054.28 | +0.3 | 8.10 | 3.45 | 14.97 | 7.92 | 2047.78 | 2047.90 | 2050.66 | 1571.97 | 2054.28 17/1/92 | 1478.24 25/1/91 | 2054.28 17/1/92 | 69.47 13/12/74 |
| 25 | Food Manufacturing (18) | 1231.71 | -0.7 | 8.75 | 4.12 | 14.11 | 1.03 | 1240.85 | 1246.37 | 1237.64 | 1029.73 | 1251.91 2/10/91 | 1013.60 16/1/91 | 1251.91 2/10/91 | 59.67 11/12/74 |
| 26 | Food Retailing (17) | 2448.08 | +0.7 | 9.03 | 3.39 | 14.39 | 0.39 | 2431.03 | 2415.21 | 2359.11 | 2341.40 | 2854.91 2/5/91 | 2231.21 22/11/91 | 2854.91 2/5/91 | 54.25 11/12/74 |
| 27 | Health and Household (24) | 4355.38 | -2.4 | 5.22 | 2.24 | 21.98 | 0.35 | 4464.76 | 4649.21 | 4654.94 | 2496.02 | 4654.94 14/1/92 | 2454.93 16/1/91 | 4654.94 14/1/92 | 175.38 28/5/80 |
| 29 | Hotels and Leisure (24) | 1256.66 | +1.7 | 7.94 | 5.34 | 15.56 | 0.00 | 1235.68 | 1236.63 | 1244.08 | 1142.14 | 1405.62 2/9/91 | 1066.91 25/1/91 | 1845.77 8/9/89 | 54.83 9/1/75 |
| 30 | Media (23) | 1447.57 | -0.4 | 6.68 | 3.71 | 18.74 | 0.91 | 1453.71 | 1458.03 | 1439.42 | 1189.25 | 1565.67 20/9/91 | 1166.91 16/1/91 | 1565.67 20/9/91 | 1166.91 16/1/91 |
| 31 | Packaging, Paper & Printing (17) | 751.94 | -1.9 | 7.04 | 4.41 | 17.21 | 0.00 | 766.19 | 765.66 | 761.76 | 496.53 | 788.41 9/9/91 | 486.96 16/1/91 | 788.41 9/9/91 | 43.46 6/1/75 |
| 34 | Stores (32) | 1017.40 | +2.0 | 7.22 | 3.65 | 18.36 | 0.23 | 997.50 | 988.71 | 980.08 | 803.17 | 1042.47 8/11/91 | 766.89 29/1/91 | 1160.58 29/7/87 | 52.63 6/1/75 |
| 35 | Textiles (10) | 623.12 | +3.3 | 7.42 | 4.98 | 17.20 | 0.00 | 603.38 | 595.23 | 598.88 | 404.70 | 652.30 1/11/91 | 396.58 28/1/91 | 924.52 2/10/87 | 62.66 11/12/74 |
| 40 | OTHER GROUPS (115) | 1213.43 | -0.1 | 9.99 | 5.48 | 12.62 | 5.01 | 1214.73 | 1203.79 | 1184.33 | 988.53 | 1330.48 2/10/91 | 961.05 16/1/91 | 1330.48 2/10/91 | 58.63 6/1/75 |
| 41 | Business Services (16) | 1409.51 | -2.9 | 7.12 | 4.65 | 17.85 | 0.00 | 1451.74 | 1438.50 | 1408.48 | 973.16 | 1451.74 16/1/92 | 892.28 1/2/91 | 1451.74 16/1/92 | 892.28 1/2/91 |
| 42 | Chemicals (21) | 1462.03 | +1.1 | 6.91 | 5.01 | 17.90 | 0.19 | 1446.31 | 1416.26 | 1398.41 | 1036.61 | 1520.52 2/9/91 | 1004.01 16/1/91 | 1545.46 5/10/87 | 71.20 1/12/74 |
| 43 | Conglomerates (11) | 1360.35 | +1.1 | 11.07 | 7.63 | 10.97 | 0.10 | 1346.03 | 1324.00 | 1302.23 | 1256.56 | 1626.42 14/3/91 | 1203.24 23/12/91 | 1819.46 11/8/89 | 975.19 10/11/87 |
| 44 | Transport (14) | 2448.16 | +0.5 | 5.24 | 4.62 | 25.12 | 0.00 | 2435.07 | 2392.77 | 2374.28 | 1814.86 | 2448.16 17/1/92 | 1730.87 23/1/91 | 2554.69 12/7/89 | 90.80 29/6/62 |
| 45 | Electricity (16) | 1166.26 | +0.4 | 15.55 | 6.37 | 8.37 | 11.22 | 1161.29 | 1150.19 | 1124.48 | 1026.87 | 1286.51 2/10/91 | 994.96 7/1/91 | 1286.51 2/10/91 | 994.96 7/1/91 |
| 46 | Telephone Networks (4) | 1378.43 | -0.9 | 11.38 | 4.55 | 11.47 | 15.96 | 1390.80 | 1393.18 | 1376.52 | 1125.42 | 1658.67 2/10/91 | 1085.95 16/1/91 | 1658.67 2/10/91 | 517.92 30/11/84 |
| 47 | Water (10) | 2254.95 | +0.4 | 18.93 | 7.05 | 5.82 | 0.00 | 2246.60 | 2253.22 | 2202.48 | 2217.01 | 2539.85 6/9/91 | 2134.83 16/1/91 | 2539.85 6/9/91 | 1820.20 1/5/90 |
| 48 | Miscellaneous (23) | 1857.05 | -1.1 | 5.36 | 5.27 | 25.69 | 0.00 | 1877.08 | 1861.54 | 1817.17 | 1526.37 | 2033.42 15/8/91 | 1506.17 16/1/91 | 2087.06 11/7/89 | 60.39 6/7/75 |
| 49 | INDUSTRIAL GROUP (481) | 1282.49 | +0.1 | 8.32 | 4.53 | 15.03 | 2.32 | 1281.47 | 1281.80 | 1270.64 | 1016.54 | 1326.09 6/9/91 | 991.97 16/1/91 | 1326.09 6/9/91 | 59.01 13/12/74 |
| 51 | Oil & Gas (19) | 2170.19 | -1.2 | 11.79 | 6.46 | 11.22 | 0.00 | 2196.69 | 2195.22 | 2179.88 | 2153.74 | 2509.42 23/7/91 | 2101.45 21/1/91 | 2528.70 3/8/90 | 87.23 29/5/62 |
| 59 | 500 SHARE INDEX (500) | 1362.18 | -0.1 | 8.71 | 4.75 | 14.48 | 2.19 | 1363.08 | 1363.29 | 1351.68 | 1111.04 | 1424.90 2/9/91 | 1092.04 16/1/91 | 1424.90 2/9/91 | 63.49 13/12/74 |
| 61 | FINANCIAL GROUP (87) | 736.96 | +1.5 | – | 6.32 | – | 0.00 | 726.27 | 707.97 | 700.10 | 689.47 | 859.94 15/3/91 | 667.36 16/1/91 | 896.67 13/10/87 | 55.88 13/12/74 |
| 62 | Banks (9) | 888.40 | +1.3 | 4.32 | 5.98 | 47.03 | 0.00 | 877.24 | 844.14 | 825.48 | 737.37 | 990.15 6/9/91 | 695.08 15/1/91 | 990.15 6/9/91 | 62.44 12/12/74 |
| 65 | Insurance (Life) (6) | 1465.94 | +1.4 | – | 5.83 | – | 0.00 | 1446.31 | 1424.90 | 1414.69 | 1249.78 | 1632.53 4/9/91 | 1220.74 16/1/91 | 1632.53 4/9/91 | 44.88 2/1/75 |
| 66 | Insurance (Composite) (7) | 514.62 | +1.3 | – | 8.47 | – | 0.00 | 508.16 | 498.92 | 505.38 | 596.97 | 728.27 15/3/91 | 462.25 23/12/91 | 768.11 29/12/89 | 43.96 13/12/74 |
| 67 | Insurance (Brokers) (10) | 1018.04 | +1.0 | 7.60 | 6.56 | 17.32 | 0.00 | 1008.20 | 992.95 | 972.60 | 940.25 | 1202.38 5/4/91 | 932.88 23/1/91 | 1399.56 17/7/87 | 65.86 16/12/74 |
| 68 | Merchant Banks (7) | 460.47 | +1.4 | – | 4.65 | – | 0.00 | 454.24 | 450.68 | 449.95 | 333.33 | 498.05 15/11/91 | 327.70 16/1/91 | 547.59 12/10/87 | 31.21 7/1/75 |
| 69 | Property (34) | 798.64 | +2.7 | 6.87 | 5.78 | 20.73 | 0.00 | 777.55 | 765.07 | 760.62 | 933.28 | 1087.65 15/3/91 | 760.62 14/1/92 | 1398.87 5/9/89 | 56.01 20/4/65 |
| 70 | Other Financial (14) | 239.19 | +1.1 | 11.15 | 7.47 | 11.31 | 0.00 | 236.65 | 234.38 | 232.24 | 238.14 | 298.63 15/3/91 | 225.10 23/12/91 | 603.48 16/7/87 | 33.29 17/12/74 |
| 71 | Investment Trusts (68) | 1196.50 | +0.2 | – | 3.64 | – | 0.38 | 1193.81 | 1192.91 | 1177.64 | 964.14 | 1261.80 6/9/91 | 947.19 16/1/91 | 1323.81 4/1/90 | 71.12 13/12/74 |
| 99 | ALL-SHARE INDEX (655) | 1213.08 | +0.1 | – | 4.91 | – | 1.67 | 1211.56 | 1208.07 | 1197.28 | 1006.80 | 1284.07 6/9/91 | 987.46 16/1/91 | 1284.07 6/9/91 | 61.92 13/12/74 |
| | | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Jan 16 | Jan 15 | Jan 14 | Jan 13 | Jan 10 | Year ago | | | | |
| | FT-SE 100 SHARE INDEX§ | 2536.7 | -4.9 | 2560.8 | 2536.5 | 2541.6 | 2537.1 | 2516.3 | 2490.1 | 2477.9 | 2102.7 | 2679.6 2/9/91 | 2054.8 16/1/91 | 2679.6 2/9/91 | 986.9 23/7/84 |

### FIXED INTEREST

| | PRICE INDICES | Fri Jan 17 | Day's change % | Thu Jan 16 | Accrued interest | xd adj. 1992 to date |
|---|---|---|---|---|---|---|
| | **British Government** | | | | | |
| 1 | Up to 5 years (26) | 121.85 | +0.19 | 121.62 | 1.80 | 0.65 |
| 2 | 5-15 years (27) | 137.25 | +0.29 | 136.85 | 2.75 | 0.38 |
| 3 | Over 15 years (8) | 147.44 | +0.42 | 146.81 | 2.17 | 0.00 |
| 4 | Irredeemables (6) | 162.19 | +0.52 | 161.35 | 2.00 | 0.00 |
| 5 | All stocks (67) | 134.79 | +0.28 | 134.42 | 2.39 | 0.44 |
| | **Index-Linked** | | | | | |
| 6 | Up to 5 years (2) | 168.54 | +0.13 | 168.31 | 1.11 | 0.00 |
| 7 | Over 5 years (9) | 148.98 | +0.18 | 149.07 | 0.34 | 0.63 |
| 8 | All stocks (11) | 150.55 | +0.18 | 150.59 | 0.44 | 0.54 |
| 9 | Debs & Loans (62) | 117.50 | +0.68 | 116.71 | 2.64 | 0.09 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri Jan 17 | Thu Jan 16 | Year ago (approx.) | 1991/92 High | 1991/92 Low |
|---|---|---|---|---|---|---|---|
| | **British Government** | | | | | | |
| 1 | Low | 5 years | 8.77 | 8.83 | 9.88 | 10.14 16/1/91 | 8.42 12/11/91 |
| 2 | Coupons | 15 years | 9.19 | 9.23 | 9.88 | 10.24 2/1/91 | 9.19 17/1/92 |
| 3 | (0%-7¾%) | 20 years | 9.19 | 9.23 | 9.88 | 10.26 2/1/91 | 9.19 17/1/92 |
| 4 | Medium | 5 years | 9.57 | 9.63 | 10.67 | 11.15 2/1/91 | 9.56 20/9/91 |
| 5 | Coupons | 15 years | 9.27 | 9.31 | 10.19 | 10.62 2/1/91 | 9.27 17/1/92 |
| 6 | (8%-10¾%) | 20 years | 9.22 | 9.25 | 10.03 | 10.50 2/1/91 | 9.22 17/1/92 |
| 7 | High | 5 years | 9.81 | 9.86 | 10.81 | 11.25 2/1/91 | 9.75 20/9/91 |
| 8 | Coupons | 15 years | 9.35 | 9.38 | 10.36 | 10.80 2/1/91 | 9.35 17/1/92 |
| 9 | (11%-) | 20 years | 9.28 | 9.31 | 10.16 | 10.67 2/1/91 | 9.28 17/1/92 |
| 10 | Irredeemables† | | 9.42 | 9.47 | 10.13 | 10.48 31/12/90 | 9.42 17/1/92 |
| | **Index-Linked** | | | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 3.89 | 4.00 | 3.59 | 4.48 15/7/91 | 3.59 18/1/91 |
| 12 | Inflation rate 5% | Over 5yrs. | 4.29 | 4.32 | 4.15 | 4.45 31/12/91 | 4.09 18/2/91 |
| 13 | Inflation rate 10% | Up to 5yrs. | 3.20 | 3.40 | 2.17 | 3.60 9/7/91 | 2.13 21/2/91 |
| 14 | Inflation rate 10% | Over 5yrs. | 4.10 | 4.15 | 3.96 | 4.27 31/12/91 | 3.90 12/4/91 |
| 15 | Debs & | 5 years | 11.01 | 11.03 | 12.63 | 12.63 9/1/91 | 11.01 17/1/92 |
| 16 | Loans | 15 years | 10.78 | 10.86 | 12.38 | 12.38 18/1/91 | 10.78 17/1/92 |
| 17 | | 25 years | 10.60 | 10.69 | 12.16 | 12.16 18/1/91 | 10.60 17/1/92 |

§Opening index 2543.9; 9 am 2541.3; 10 am 2555.8; 11 am 2553.2; Noon 2556.5; 1 pm 2549.9; 2 pm 2553.8; 2.30 pm 2550.0; 3 pm 2546.9; 4.10 pm 2537.0; (a) 11.34am (b) 4.29pm

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|---|---|---|
| Business Services | 31/12/90 | 999.65 | Telephone Networks | 30/11/84 | 517.92 | Food Manufacturing | 29/12/67 | 114.13 |
| Electricity | 31/12/90 | 999.65 | Electronics | 30/12/83 | 1646.65 | Food Retailing | 29/12/67 | 114.13 |
| Media | 31/12/90 | 1228.68 | Other Industrial Materials | 31/12/80 | 287.41 | Insurance Brokers | 29/12/67 | 96.67 |
| Engineering - Aerospace | 29/12/89 | 486.00 | Health/Household Products | 30/12/77 | 261.77 | All Other | 10/4/62 | 100.00 |
| Engineering - General | 29/12/89 | 486.00 | Other Groups | 31/12/74 | 63.75 | British Government | 31/12/75 | 100.00 |
| Water | 29/12/89 | 1968.45 | Industrial Group | 31/12/70 | 128.20 | Do. Index-linked | 30/4/82 | 100.00 |
| Conglomerates | 31/12/86 | 1114.07 | Other Financial | 31/12/70 | 128.06 | Debs & Loans | 31/12/77 | 100.00 |

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991. NAME CHANGE: F & C Eurotrust is now Foreign & Colonial Eurotrust (71).

## LONDON TRADED OPTIONS

| Option | | Calls Jan | Calls Apr | Calls Jul | Puts Jan | Puts Apr | Puts Jul |
|---|---|---|---|---|---|---|---|
| Alld Lyons (*646) | 600 | 46½ | 72½ | 81½ | 1 | 13½ | 22½ |
| | 650 | 7 | 41½ | 51½ | 9½ | 32½ | 47½ |
| | 700 | 1½ | 21 | 32 | 53½ | 64½ | 75½ |
| ASDA (*36) | 30 | 6 | 8½ | 10½ | ½ | 3 | 4 |
| | 35 | 2½ | 4¾ | – | ½ | 4½ | – |
| | 40 | – | – | – | 6 | – | 9½ |
| Brit. Airways (*264) | 220 | 23½ | 33½ | 35½ | ½ | 4½ | 8½ |
| | 240 | 4¾ | 20 | 24 | 4½ | 11½ | 16½ |
| | 260 | – | 9½ | 14½ | – | 20½ | 26½ |
| SmKl Beecham A (*888) | 800 | 88½ | 111 | 130 | ½ | 9½ | 16 |
| | 850 | 38½ | 73½ | 95½ | 2¼ | 20½ | 30½ |
| | 900 | 6½ | 43½ | 68½ | 18 | 42½ | 51½ |
| Boots (*445) | 390 | 54½ | 66 | 71 | ½ | 2 | 5 |
| | 420 | 25 | 42 | 46 | ¾ | 7 | 13½ |
| | 460 | ½ | 14½ | 21½ | 17 | 23½ | 29 |
| B.P. (*284) | 280 | 5½ | 14½ | 19½ | 3 | 12 | 15 |
| | 300 | 1 | 7 | 11¾ | 17½ | 23½ | 26½ |
| British Steel (*77) | 70 | 6½ | 10 | 11 | ½ | 2½ | 5 |
| | 80 | ¼ | 4¼ | 6¼ | 4 | 8 | 9 |
| Bass (*1096) | 1050 | 46½ | 83½ | 101 | 1 | 16 | 27½ |
| | 1100 | – | 50½ | 71½ | – | 37½ | 47½ |
| C & Wire (*599) | 550 | 51 | 70½ | 80½ | 1½ | 6¼ | 14 |
| | 600 | 6 | 37 | 49½ | 6½ | 22 | 30½ |
| Courtaulds (*508) | 500 | 11½ | 36 | 46 | 3½ | 16 | 23 |
| | 550 | ½ | 14 | 22 | 42 | 42 | 48 |
| Com. Union (*471) | 460 | 12½ | 26½ | 37½ | 1¼ | 20 | 25½ |
| | 500 | ½ | 9 | 20 | 29½ | 45½ | 48½ |
| Fisons (*334) | 330 | 8¼ | 23 | 34 | 3½ | 18 | 21 |
| | 360 | 1 | 12½ | 22 | 28 | 36 | 38 |
| GKN (*319) | 300 | 17½ | 26 | 30 | 1¼ | 13½ | 16½ |
| | 330 | 1 | 9½ | 17½ | 12 | 33½ | 35½ |
| Grand Met. (*928) | 900 | 39 | 65 | 95 | 2 | 19½ | 29 |
| | 950 | – | 38 | 65½ | – | 42½ | 50 |
| I.C.I. (*1251) | 1250 | 15 | 50½ | 83½ | 14 | 65½ | 73½ |
| | 1300 | 3 | 31½ | 61½ | 49½ | 96½ | 103 |
| Kingfisher (*499) | 460 | 37½ | 55½ | 60½ | ½ | 5½ | 13½ |
| | 500 | 5½ | 29½ | 36½ | 7 | 18 | 29½ |
| Ladbroke (*223) | 220 | – | 17 | 21½ | – | 14½ | 19 |
| | 230 | 2 | 12 | – | 9½ | 20 | – |
| Land Secur (*473) | 460 | 13 | 30½ | 36½ | 1¼ | 11 | 20 |
| | 500 | 1½ | 12 | 16½ | 30½ | 32½ | 37½ |
| M & S (*302) | 280 | 22 | 33 | 34½ | 1 | 5 | 8½ |
| | 300 | 5 | 18¼ | 24½ | 3¼ | 11½ | 15½ |
| Sainsbury (*366) | 360 | – | 23 | 27½ | – | 9 | 14½ |
| | 390 | ½ | – | – | 20 | – | – |
| Shell Trans (*496) | 460 | 36½ | 42½ | 52½ | ¼ | 7½ | 11½ |
| | 500 | 3½ | 16½ | 28 | 7½ | 24½ | 27½ |
| Storehouse (*110) | 110 | 1¼ | 8½ | 11½ | 1¼ | 7 | 9½ |
| | 120 | ½ | 5 | 12¼ | 9½ | 13 | 23½ |
| Trafalgar (*133) | 130 | 5 | 16½ | 20 | 2 | 9½ | 15½ |
| | 140 | 2 | 11½ | 15½ | 8½ | 14½ | 20 |
| Utd. Biscuits (*411) | 390 | 20½ | 33 | 38 | ½ | 9½ | 14½ |
| | 420 | 2 | 13½ | 23 | 10½ | 25½ | 28 |
| Unilever (*901) | 850 | 50½ | 72½ | 88½ | ½ | 14 | 19 |
| | 900 | 9 | 40½ | 58 | 8 | 35½ | 41 |
| Ultramar (*284) | 280 | 4½ | 18½ | – | 3 | 18½ | – |
| | 300 | 2 | 10½ | 19 | 17½ | 30½ | – |

| Option | | Calls Feb | Calls May | Calls Aug | Puts Feb | Puts May | Puts Aug |
|---|---|---|---|---|---|---|---|
| Brit Aero (*314) | 300 | 22 | 24½ | 30 | 5¼ | 25½ | 28 |
| | 330 | 8 | 13½ | 19 | 21 | 40½ | 44½ |
| BAA (*567) | 550 | 26 | 47 | 55½ | 8 | 18½ | 21 |
| | 600 | 6 | 20 | 29½ | 39½ | 39½ | 47½ |
| BAT Inds (*659) | 650 | 24 | 43½ | 50½ | 11½ | 26 | 38½ |
| | 700 | 8 | 18½ | 29 | 41½ | 54½ | 65½ |
| BTR (*427) | 420 | 18 | 26 | 35 | 7½ | 19 | 22 |
| | 460 | 1¾ | 9 | – | 34½ | 44½ | – |
| Brit. Telecom (*322) | 300 | 24 | 36 | 42 | 2¼ | 5½ | 10 |
| | 330 | 6 | 16½ | 23 | 14 | 17½ | 21½ |
| Cadbury Sch (*440) | 420 | 31½ | 42½ | 52½ | 6½ | 17½ | 22½ |
| | 460 | 9½ | 23 | 32½ | 26½ | 38½ | 41½ |
| Eastern Elec (*226) | 220 | – | – | 23½ | – | – | 13½ |
| | 230 | 5 | 14½ | – | 9½ | 12½ | – |
| Guinness (*532) | 525 | 20 | 32 | – | 8½ | 21 | – |
| | 550 | 8 | 21 | 32½ | 22 | 34½ | 35½ |
| GEC (*196) | 180 | 17½ | 24 | 26 | ¼ | 3¼ | 5½ |
| | 200 | 4¼ | 11 | 13 | 6½ | 9½ | 13½ |
| Hanson (*217) | 200 | 17½ | 26 | 28½ | 1 | 3¼ | 5¼ |
| | 220 | 4¼ | 13 | 16 | 6¼ | 10½ | 13½ |
| LASMO (*247) | 240 | 16 | 21 | 28½ | 6½ | 16½ | 21 |
| | 260 | 6 | 13½ | 19 | 19½ | 29½ | 31½ |
| Lucas Inds (*121) | 120 | 6 | 9¼ | 13½ | 4 | 9 | 11 |
| | 130 | 3 | 5¼ | 9 | 12 | 13½ | 15½ |
| P & O (*463) | 460 | 19 | 30½ | 39½ | 13 | 32½ | 35½ |
| | 500 | – | 15½ | 24 | – | 58½ | 61½ |
| Pilkington (*142) | 140 | 9 | 16½ | 19½ | 5 | 9½ | 14 |
| | 160 | 2¼ | 8½ | – | 18 | 22 | – |
| Prudential (*238) | 220 | 22½ | 25½ | 30½ | 1¼ | 7 | 9 |
| | 240 | 8 | 13½ | 19½ | 8 | 14½ | 17½ |
| Racal (*50) | 47½ | 3¼ | – | – | ¾ | – | – |
| | 51½ | 1½ | – | – | 2¾ | – | – |
| R.T.Z. (*543) | 500 | 47½ | 57½ | 67½ | 3¼ | 11½ | 18 |
| | 550 | 14 | 27½ | 39½ | 17½ | 34½ | 43½ |
| Scot. & New (*444) | 420 | 30½ | 46½ | 53½ | 3 | 8½ | 14½ |
| | 460 | 7 | 23 | 30½ | 19 | 26 | 32½ |
| Tesco (*230) | 220 | 14½ | 20 | 24½ | 3 | 7½ | 10½ |
| | 240 | 3½ | 9 | 14½ | 13½ | 17½ | 19½ |
| Thames Water (*342) | 330 | 17½ | 31 | 34½ | 3¾ | 7 | 13½ |
| | 360 | – | 16½ | 17½ | – | 23 | 29½ |
| Vodafone (*373) | 360 | 18 | 33 | 39 | 7 | 13½ | 19 |
| | 390 | 5¼ | 19 | 25 | 23 | 28½ | 34 |

| Option | | Calls Mar | Calls Jun | Calls Sep | Puts Mar | Puts Jun | Puts Sep |
|---|---|---|---|---|---|---|---|
| Abbey Nat. (*299) | 280 | 21½ | 29 | 32 | 6½ | 9½ | 12½ |
| | 300 | 11 | 17½ | 22½ | 14½ | 17½ | 21 |
| Amstrad (*31) | 30 | 4¼ | 7¼ | 8½ | 3¼ | 5¼ | 6¼ |
| | 35 | 2½ | 5 | 6¼ | 5¼ | 7¼ | 9¼ |
| Barclays (*389) | 360 | 37 | 39½ | 45½ | 7 | 11½ | 18½ |
| | 390 | 14 | 26 | 28 | 19½ | 27 | 33 |
| Blue Circle (*250) | 240 | 10 | 20 | – | 13½ | 18 | – |
| | 260 | 9 | 14½ | – | 17½ | 25½ | – |
| British Gas (*243) | 240 | 9 | 14 | 18 | 8¼ | 13 | 15 |
| | 260 | 3¼ | 6¾ | 10 | 22½ | 27 | 28 |
| Dixons (*233) | 220 | 21½ | 30½ | 33½ | 5½ | 10 | 12½ |
| | 240 | 10 | 20 | – | 13½ | 18 | – |
| Eurotunnel (*480) | 460 | 39 | 63½ | 80 | 16 | 28½ | 35½ |
| | 500 | 23 | 43½ | – | 36½ | 48½ | – |
| Glaxo (*835) | 800 | 68½ | 97½ | 122 | 24 | 40½ | 53½ |
| | 850 | 41 | 70½ | 100 | 48½ | 58½ | 71½ |
| Hawker Sidd (*795) | 750 | 32 | 45 | – | 8½ | 16½ | – |
| | 800 | 8½ | 18 | – | – | – | – |
| Hillsdown (*161) | 160 | 10 | 15½ | 16 | 6½ | 11 | 12½ |
| | 177 | 3½ | – | – | 16½ | – | – |
| Lonrho (*150) | 140 | 18½ | 23½ | 30 | 15½ | 20 | 25 |
| | 165 | 11 | 16½ | 19½ | 29½ | 32½ | 36 |
| Midland Bk (*229) | 220 | 20 | 30 | 35½ | 9 | 13½ | 18½ |
| | 240 | 11 | 20 | – | 33½ | 35½ | – |
| National Power (*141) | 140 | 4¼ | 11½ | 13½ | 7 | 8½ | 11½ |
| | 160 | 2¼ | 5 | 6 | 22½ | 22½ | 24½ |
| Reuters (*1050) | 1050 | 47½ | 83½ | 108 | 43½ | 61½ | 73 |
| | 1100 | 27½ | 60½ | 83½ | 75 | 90 | 100 |
| R Royce (*139) | 130 | 12¼ | 13½ | 17 | 4¼ | 7½ | 9 |
| | 140 | 6 | 8½ | 11¾ | 9½ | 13 | 14½ |
| Scottish Power (*99) | 90 | 11 | 15 | 16½ | 1¼ | 2¼ | 5½ |
| | 100 | 5 | 9 | 9½ | 5 | 7 | 11 |
| Sears (*98) | 90 | 10½ | 12½ | 14½ | 2 | 4½ | 6 |
| | 100 | 4½ | 7½ | 9½ | 5¼ | 9½ | 11½ |
| Forte (*234) | 220 | 19½ | 24 | 26½ | 3 | 9 | 10½ |
| | 240 | 7½ | 12½ | 18½ | 20½ | 18½ | 19½ |
| Thorn EMI (*815) | 800 | 37½ | 66½ | 69½ | 15 | 25½ | 35½ |
| | 850 | 14½ | 38½ | – | 41½ | 45½ | – |
| TSB (*129) | 120 | 10 | 13½ | 14½ | 4 | 4¼ | 8 |
| | 130 | 4¼ | 9½ | 10 | 9 | 11½ | 13½ |
| Vaal Reefs (*571) | 70 | 4½ | 9 | 10 | 6 | 9 | 11 |
| | 80 | 2¼ | – | – | 13 | – | – |
| Wellcome (*1023) | 1000 | 70½ | 111 | 138 | 33½ | 53½ | 58½ |
| | 1050 | 45 | 85½ | 112 | 50½ | 75½ | 82 |

**EURO FT-SE INDEX (*2537)**

| | 2325 | 2375 | 2425 | 2475 | 2525 | 2575 | 2625 | 2675 |
|---|---|---|---|---|---|---|---|---|
| **CALLS** | | | | | | | | |
| Jan | 222 | 172 | 124 | 80½ | 42½ | 18½ | 6½ | 3 |
| Feb | 240 | 195 | 151 | 112 | 79 | 52 | 31½ | 19½ |
| Mar | 262 | – | 181 | – | 109 | – | 57½ | – |
| Jun | 312 | – | 237 | – | 172 | – | 116 | – |
| Sep | 352 | – | 277 | – | 215 | – | 159 | – |
| Dec | 380 | – | 310 | – | 250 | – | 190 | – |
| **PUTS** | | | | | | | | |
| Jan | 3 | 4 | 6 | 11½ | 24½ | 49½ | 85½ | 129 |
| Feb | 8½ | 13 | 18 | 29 | 45½ | 66½ | 95½ | 130 |
| Mar | 18 | – | 34 | – | 60½ | – | 108 | – |
| Jun | 41½ | – | 57½ | – | 91 | – | 135 | – |
| Sep | 55 | – | 72½ | – | 100 | – | 140 | – |
| Dec | 66 | – | 88 | – | 117 | – | 150 | – |

**FT-SE EUROTRACK 100 INDEX (*1135)**

| | 1025 | 1050 | 1075 | 1100 | 1125 | 1150 | 1175 | 1200 |
|---|---|---|---|---|---|---|---|---|
| **CALLS** | | | | | | | | |
| Mar | – | 90 | 70 | 47 | 28½ | 15½ | 7 | 2 |
| Jun | 142 | 119 | 100 | 80 | – | – | – | – |
| **PUTS** | | | | | | | | |
| Mar | – | 4½ | 6½ | 8½ | 19 | 29 | 43 | 64 |
| Jun | 6 | 8½ | 10½ | 15 | – | – | – | – |

**FT-SE INDEX (*2537)**

| | 2300 | 2350 | 2400 | 2450 | 2500 | 2550 | 2600 | 2650 |
|---|---|---|---|---|---|---|---|---|
| **CALLS** | | | | | | | | |
| Jan | 247 | 199 | 151 | 104 | 62½ | 31 | 11½ | 4 |
| Feb | 267 | 221 | 177 | 135 | 98 | 65½ | 42 | 24½ |
| Mar | 288 | 244 | 202 | 163 | 127 | 97½ | 71½ | 51 |
| Apr | 306 | 265 | 225 | 188 | 154 | 123 | 96½ | 74 |
| Jun | 334 | – | 256 | – | 185 | – | 128 | – |
| Dec † | 395 | – | 325 | – | 260 | – | 205 | – |
| **PUTS** | | | | | | | | |
| Jan | 2½ | 3½ | 5½ | 9½ | 17½ | 38½ | 70 | 113 |
| Feb | 8½ | 12 | 17½ | 25½ | 38½ | 59 | 87 | 123 |
| Mar | 17½ | 23 | 30½ | 41 | 54½ | 74 | 100 | 132 |
| Apr | 27 | 34 | 43½ | 57 | 71½ | 90 | 116 | 147 |
| Jun | 39½ | – | 59½ | – | 88 | – | 131 | – |
| Dec † | 63 | – | 77½ | – | 115 | – | 160 | – |

January 17 Total Contracts 36,554
Calls 25,689 Puts 10,865
FT-SE Index Calls 2,067 Puts 3,159
Euro FT-SE Calls 910 Puts 994
Eurotrack 100 Index Calls 2 Puts 0
*Underlying security price † Long dated expiry months
Premiums shown are based on middle prices

## TRADITIONAL OPTION 3-month call rates

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **INDUSTRIALS** | p | Charter Cons. | 42 | Ladbroke | 18 | Sears | 8½ | **OILS** | |
| Allied-Lyons | 50 | Comm Union | 34 | Legal & Gen | 30 | SmKl Bchm A | 70 | Aviva Pet | 1½ |
| Amstrad | 4 | Courtaulds | 40 | Lex Service | 16 | TI | 41 | BP | 30 |
| Astec (BSR) | 5 | Eurotunnel | 40 | Lloyds Bank | 24 | TSB | 9 | Burmah Castrol | 38 |
| BAT Inds | 48 | FKI | 5 | Lonrho | 18 | Tesco | 15½ | Conroy Pet | 4 |
| BOC | 49 | FNFC | 5 | Lucas Inds | 11 | Thorn EMI | 59½ | Gaelic Res | ½ |
| BTR | 35 | Forte | 20 | Marks Spencer | 22 | T & N | 10½ | Premier Cons | 4 |
| Barclays | 24 | GKN | 24 | Midland Bank | 17 | Unilever | 78 | Shell | 41 |
| Blue Circle | 18 | Gen Accident | 37 | NatWest Bank | 21 | Vickers | 13½ | Tuskar Res | 1½ |
| Boots | 33 | GEC | 15 | P & O Dfd | 35 | Wellcome | 80 | **MINES** | |
| Bowater | 54 | Glaxo | 84 | Racal Elect | 4½ | **PROPERTY** | | RTZ | 38 |
| Brit Aerospace | 18 | Grand Met | 70 | RHM | 20 | Brit Land | 20½ | | |
| British Steel | 5 | GRE | 11 | Rank Org | 47 | Land Sec. | 38 | | |
| Brit Telecom | 25 | Hanson | 15 | Ratners | 8 | MEPC | 33 | | |
| Cadburys | 34 | ICI | 88 | Reed Intl | 42 | Mountleigh | 3 | | |

# IBM plunges $2.8bn into red

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines yesterday unveiled its worst ever annual result. The world's largest computer manufacturer reported a $2.8bn loss for the year to the end of December, after huge restructuring and retirement benefit charges, and its first annual revenue decline since the end of the Second World War. Worldwide revenue for the year was $64.8bn, down 6.1 per cent from $69bn in 1990.

IBM's net losses of $2.8bn included a restructuring charge of $3.4bn and an additional charge of $2.3bn for the future cost of health care benefits for IBM pensioners. In 1990 IBM made net profits of $6.02bn.

The net loss per share was $4.95, after charges, compared with net earnings of $10.51 per share in 1990. The dismal results from one of the world's top manufacturing companies, reflect weak economic conditions and a major transition in computer technology that has taken a heavy toll on all of the industry's established leaders.

Earlier this week Digital Equipment, the second largest computer maker, also reported heavy losses.

"1991 was a disappointing year," acknowledged Mr John Akers, IBM chairman. "We were adversely affected by protracted worldwide economic weakness, competitive pressures and transitions within our product lines."

IBM's fourth-quarter results were even worse than Wall Street's pessimistic forecasts. Worldwide revenues of $22.1bn fell by 4.2 per cent from the previous year's $23.1bn. After a $3.4bn restructuring charge, which was higher than expected, IBM reported a net loss for the quarter of $1.4bn, or $2.42 a share, compared with net earnings of $2.5bn, or $4.38 per share in the last quarter of 1990.

IBM reduced its workforce by about 29,000 people last year, primarily through voluntary redundancies and early retirement programmes, Mr Akers said. This year it plans to continue to cut jobs at a similar pace.

John Akers: '1991 was a disappointing year'

In December, IBM announced a broad restructuring of its worldwide operations that will give individual business units greater autonomy and accountability. However, it will be some time before IBM can realise any benefits from these changes, analysts said.

Although it was difficult to find much good news in IBM's 1991 results, Mr Akers noted that the company's service business grew by 35 per cent. "That portion of our revenue that is less subject to year-to-year fluctuations – services, software, rentals and financing – is 43 per cent of our 1991 revenue.

"Assuming some improvement in the current difficult and uncertain economic environment, we expect to increase revenue and improve cash flow and returns as the year goes on," he added.

IBM's stock price fell to a low of $92⅝, from Thursday's close of $95½, but then regained its losses to trade at $96⅝ at midday.

● Earlier this week Apple Computer announced that its first-quarter earnings were boosted by strong sales of its latest notebook-size portable personal computers introduced in October. The US personal computer maker reported earnings well above Wall Street expectations.

Net income for the first quarter was $166m, or $1.36 a share, up from $150.5m, or $1.28 in the same period a year ago.

# Packer to float 55% of ACP for A$475m

By Kevin Brown in Sydney

CONSOLIDATED Press Holdings (Conspress), Mr Kerry Packer's privately-owned master company, is expected to announce plans soon to raise A$475m (US$353m) through the flotation of 55 per cent of its magazine arm, Australian Consolidated Press (ACP).

A draft prospectus circulated to financial institutions yesterday said ACP would remain the cornerstone of Mr Packer's family interests, but would be independently managed.

The prospectus said Mr Packer would remain chairman of ACP, with Mr Al Dunlap, chief executive of Conspress, as his deputy. ACP publishes several leading titles, including Woman's Day, Cosmopolitan, New Idea, The Bulletin and Australian Business Monthly.

The flotation values ACP at A$865m, equivalent to 7.6 times forecast earnings of A$112.4m before interest and tax for the 12 months to the end of June. Profits are forecast to increase to A$132.2m in the following year.

The issue price is 13.4 times forecast net earnings of about A$65m for 1991-1992, which puts the company in the top range of Australian media stocks.

Analysts said the high valuation was justified by the quality of the group's management, and its titles, which include nine of the top 20 magazines by circulation. However, some said the price might be too high for the shares to trade at a premium when the stock is listed on the Australian Stock Exchange, probably in March.

The prospectus says ACP plans to distribute 80 per cent of the company's forecast profits as dividends. Analysts said this was intended to increase the flotation's attractiveness to investors worried about the high p/e earnings multiple.

The issue is to be fully underwritten by Ord Minnett, the stockbroking firm which recently underwrote fundraising by Tourang, the consortium led by Mr Conrad Black.

The part flotation of ACP will raise eyebrows in Australia, since Mr Packer has previously resisted shareholder involvement in his operations, with the exception of the Channel Nine network.

Mr Packer bought out non-family shareholders in Conspress in 1983, and his agreement to a flotation of a major part of the group has been interpreted by some observers as an indication that Conspress is in need of cash flow to meet interest payments.

# Salomon sees deficit of $30m in fourth quarter

By Patrick Harverson in New York

US SECURITIES house Salomon announced yesterday that it expected to report a $30m after-tax loss for the fourth quarter of 1991.

The warning surprised brokerage analysts on Wall Street, who had expected the company to record healthy profits in the wake of lower US interest rates and vibrant domestic financial markets.

Salomon said in a brief statement that the fourth-quarter loss would reduce after-tax earnings for the full year to about $500m, a figure which includes the $200m charge the company took in the third quarter to cover potential costs and fines arising from its illegal activities in the US Treasury markets.

The loss in the last three months of 1991 was partly due to a one-off $60m charge taken by Salomon's oil subsidiary, Phibro Energy.

The charge, which will leave Phibro with a loss of $60m for the quarter and a small profit for the year of $43m, was taken to reflect the reduction in the value of the company's oil refining and marketing inventories, caused by the worldwide decline in petroleum and petroleum product prices.

Although the Phibro charge partly explained why the Salomon group incurred a loss in the fourth quarter, analysts remained puzzled by the forecast of a disappointing contribution from the Salomon Brothers securities operation, which the company said would make a "modest" profit in the fourth quarter.

Salomon offered no explanation why its securities business did not shine in a quarter when US interest rates were falling and bond prices were rising.

As Wall Street's premier bond trading house, Salomon would normally be expected to have profited hugely from the favourable interest rate environment and the heavy trading volume in Treasury markets.

Industry observers suggested several possible reasons for Salomon Brothers' modest quarter. The sale of $50bn in assets that Salomon undertook in the second half of the year to stave off liquidity problems in the wake of the Treasury market scandal will undoubtedly have reduced the firm's earnings from interest and capital appreciation.

The scandal also led to the loss of some customer business and forced the firm into a radical restructuring, which are likely to have reduced revenues and pushed up costs, particularly those related to the shedding of more than 130 jobs in US and European operations.

# Inland Steel turns in record loss of $275.1m

By Barbara Durr in Chicago

INLAND Steel reported its largest ever annual loss in 1991 totalling $275.1m, or $9.88 per share.

The results, already hit by low steel prices and poor demand for consumer durables, were further depressed by a $215m restructuring charge relating to plant closures and about 3,500 jobs cuts. The workforce reduction will take place over several years.

Before the restructuring provision, the company's net loss last year was $110m, or $4.55 per share, compared with a net loss of $20.6m, or $1.41, in 1990. Sales fell by 12 per cent to $3.4bn from $3.87bn in 1990.

For the fourth quarter, when the charge was taken, Inland reported a net loss of $191.3m, or $6.44. Before the charge, the loss had been $26.2m, or $1.11, against losses of $57.1m, or $2.05 per share, a year ago.

Mr Frank Luerssen, Inland's chairman, said the company's restructuring and a modernisation programme should allow it to benefit from steel's next upturn.

But, he said, "we have no illusions that the months ahead are going to be anything but difficult. The outlook for steel orders, particularly from the automobile industry, remains weak."

# Westinghouse weakens to $171m

By Martin Dickson in New York

WESTINGHOUSE Electric, the US conglomerate which has been severely hit by bad real estate loans, yesterday underscored the impact of recession on its industrial operations when it reported fourth-quarter net income of $171m.

The profit figure, equivalent to 51 cents a share, compares with a loss of $449m, or $1.53 in the same period of 1990, when the company took a $975m charge to cover real estate and other losses at its troubled financial services subsidiary.

However, before making that charge the company reported a net profit of $384m in the fourth quarter of last year. Revenues in the latest quarter were $3.4bn, against $3.7bn.

Westinghouse, which took a further $1.68bn charge in the third quarter of this year to cover problems at the finance company, is trying to sell many of the subsidiary's assets to bolster its balance sheet and reduce debt.

It said yesterday it had disposed of about $700m of corporate financing, real estate and leasing assets in the third quarter. The finance company's total assets now stand at $8.6bn and it reported a net loss of $5.1m for the quarter.

Among Westinghouse's industrial businesses, operating profits in its electronic systems, industries, office furniture, environmental and broadcasting divisions were all lower during the quarter, mainly due to the recession.

However, operating profits for power systems were significantly higher, due to volume increases.

For the full year Westinghouse reported a net loss of $1.1bn, or $3.46 share, on revenues of $12.8bn, against net income for 1990 of $268m, or 91 cents, on revenues of $12.9bn.

# Japan Airlines strengthens Qantas links

JAPAN Airlines (JAL) is strengthening its relationship with Qantas, the Australian airline, through a series of leasing agreements, but it denied Japanese press reports that it planned to take a 5 per cent equity stake in the company, writes **Robert Thomson** in Tokyo.

JAL is to lease Qantas aircraft and pilots for three routes between Japan and Australia, with the Japanese airline providing the passenger service staff. The agreement is likely to begin in April this year and last for two years, and will help JAL overcome a shortage of pilots.

But JAL insisted that it has no firm plans to take a holding in the state-owned Qantas.

# Candy agrees to buy two Spanish appliance groups

By Haig Simonian in Milan

CANDY, the privately-owned Italian white goods group, has reached preliminary agreement to buy MAYC and MEM, two linked Spanish domestic appliance makers, best known for their Otsein brand.

The deal, for which no price was given, marks another step in the rationalisation of the European white goods industry in the face of oversupply and cut-throat price competition. The purchase is subject to regulatory approval.

"Last year was especially tough on prices. Up to 1990, competitive pressures were masked slightly by rising demand in eastern Europe. However, that demand has collapsed as a result of credit problems, said Mr Silvano Fumagalli, managing director of Candy.

Otsein, based in Vergara in the Basque country, has more than 8 per cent of the Spanish washing machine market and around 50 per cent of that for top-loaders.

Combined turnover of MAYC and MEM, which employ about 700, exceeded L130bn ($108.9m) last year. The companies, which also make other household equipment, produced over 300,000 units in 1991.

Candy, controlled by the Fumagalli family, employs 5,000 and is Italy's third-biggest appliance maker. Sales topped L1,200bn in 1991. Pre-tax profits were L50bn in 1990.

# Dassault launches bid for Cessna

By William Dawkins in Paris

DASSAULT Aviation, the French maker of business and military jets, has launched a bid for Cessna of the US, the world's leading supplier of medium-sized business jets.

Dassault is not revealing the price of its offer for Cessna, which was put up for sale last October by General Dynamics, the US defence group, as part of its strategy of curbing debts and concentrating on core businesses.

Analysts then valued Cessna at $600m-$900m, as against the $660m which General Dynamics paid for it in 1985.

If accepted, the deal will mark Dassault's most ambitious step yet in its attempt to diversify away from the defence industry, where a squeeze on spending has moderated the outlook for the Rafale, a fighter bomber due to come into service from 1996.

Mr Serge Dassault, the chairman, estimates that sales fell last year by 17 per cent, to FFr14.3bn (US$2.6bn) from FFr17.1bn in 1990, said officials. This compares with estimates of roughly stable sales in the 1990 annual report.

In addition, orders fell by 25 per cent last year to FFr12bn. The group will still be profitable in 1991, officials said.

Dassault had made "a precise offer, at a normal price, without a date limit," said Mr Bruno Revellin-Falcoz, vice-president of the French group, of the Cessna bid.

There could be a problem with the price, he hinted. Dassault's Falcon range and Cessna's Citation series are broadly complementary, even if the new Falcon 2000 medium-sized jet, due for sale in 1994, and the Citation X, due out in 1998, aim at a similar market.

Dassault estimates it holds roughly a third of the world market for medium-sized and large business jets through its Falcon range.

The aim is to lift business aviation to 35 per cent of sales over the next few years, to compensate for a fall in the share of military sales from 71 per cent, to 55 per cent, said a Dassault official.

Cessna has an estimated 60 per cent of the world market for medium-sized business jets and is about the same size, in turnover terms, as Dassault's civil aviation division.

# Suez confirms bullish 1991 forecast

By William Dawkins in Paris

COMPAGNIE de Suez, the French financial and industrial holding group, yesterday estimated that profits would rise to between FFr3.8bn and FFr4bn for 1991, compared to FFr3.7bn (US$670m) in the previous year.

The forecast, in line with the group's earlier estimates, marks a significant recovery from 1990, when Suez's profits fell by 9 per cent. Mr Gerard Worms, the chairman, wrote to shareholders: "I am convinced that the market will soon realise that Suez's prospects are thoroughly positive."

The increase comes despite a FFr1bn earnings setback from Suez's exposure to non-ferrous metals through its mining investments. However, the group put on a strong performance in its other activities, embracing banking, insurance and a range of industrial investments.

These other businesses "will have been able, in the context of a deteriorating economy, to compensate for the lion's share of this reduction by increasing their contribution to profits by 25 to 30 per cent," he said. Mr Worms singled out Banque Indosuez, the investment banking arm, as one of the best performers.

Suez's discussions were at a decisive stage with Union des Assurances de Paris, the state-owned insurance group, which owns 34 per cent of Groupe Victoire, Suez's main insurance subsidiary, he said. UAP has been pressing for co-operation with Victoire, against resistance from the company's managers.

Suez's FFr7.5bn asset sale programme, announced in November 1990, was nearly complete, and the group's asset value was now well over FFr500 per share, said Mr Worms. This compares with yesterday's closing price of FFr305.8, which was up FFr1.90 on the day.

# WORLD COMMODITIES PRICES

| WEEKLY PRICE CHANGES | Latest prices | Change on week | Year ago | High 1991/92 | Low 1991/92 |
|---|---|---|---|---|---|
| Gold per troy oz. | $356.35 | -1.40 | $376 | $403.25 | $345.25 |
| Silver Per troy oz | 242.90p | +13.65 | 209.6p | 280.55p | 183.35p |
| Aluminium 99.7% (cash) | $1188.0 | +51 | $1535 | $1570 | $1082.5 |
| Copper Grade A (cash) | £1210.00 | +34 | £1247 | £1472 | £1147.0 |
| Lead(cash) | £287.50 | -2.5 | £307.0 | £382.5 | £282.75 |
| Nickel (cash) | $7710.0 | +390 | $8466.5 | $9237.5 | $7090.0 |
| Zinc SHG (cash) | $1161.00 | +24.5 | $1181.5 | $1430 | $990.25 |
| Tin (cash) | $5450.0 | -31 | $5625 | $5915 | $5425.0 |
| Cocoa Futures (May) | £772 | +12 | £693 | £829 | £596 |
| Coffee Futures (Mar) | £583 | +17 | £557 | £619 | £487 |
| Sugar (LDP Raw) | $213 | -3.2 | $222 | $293 | $194 |
| Barley Futures (Mar) | £120.6 | -0.1 | £114.85 | £122.95 | £107.75 |
| Wheat Futures (Mar) | £127.80 | +0.3 | £121.60 | £141.10 | £111.80 |
| Cotton Outlook A Index | 59.05c | -1.05 | 84.15c | 86.25c | 59.05c |
| Wool (64s Super) | 415p | +9 | 418p | 421p | 329p |
| Oil (Brent Blend) | $18.075x | +1.00 | $18.80 | $29.15 | $16.75 |

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents lb x-Mar.

## London Markets

| SPOT MARKETS | | |
|---|---|---|
| **Crude oil (per barrel FOB)** | | + or - |
| Dubai | $15.05-5.10q | +0.20 |
| Brent Blend (dated) | $18.40-8.50 | +.025 |
| Brent Blend (Mar) | $18.05-8.10 | +.125 |
| W.T.I. (1 pm est) | $19.00-9.05q | +0.05 |
| **Oil products** | | |
| (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $203-205 | |
| Gas Oil | $176-178 | +2.0 |
| Heavy Fuel Oil | $60-62 | -0.5 |
| Naphtha | $188-191 | -2.0 |
| *Petroleum Argus Estimates* | | |

| Other | | + or - |
|---|---|---|
| Gold (per troy oz)♣ | $356.35 | -1.30 |
| Silver (per troy oz)♣ | 430.0c | -6.0 |
| Platinum (per troy oz) | $348.0 | +6.75 |
| Palladium (per troy oz) | $85.0 | +1.75 |
| Copper (US Producer) | 99.91c | +0.75 |
| Lead (US Producer) | 37c | |
| Tin (Kuala Lumpur market) | 14.29r | -0.19 |
| Tin (New York) | 252.5c | +1.0 |
| Zinc (US Prime Western) | 62c | |
| Cattle (live weight)† | 108.71p | -1.02* |
| Sheep (live weight)†♣ | 104.35p | -0.01* |
| Pigs (live weight)† | 85.52p | +2.28* |
| London daily sugar (raw) | $213.0x | -2.0 |
| London daily sugar (white) | $367.5x | +1.0 |
| Tate and Lyle export price | £229.0 | -1.0 |
| Barley (English feed) | £124.5 | |
| Maize (US No. 3 yellow) | £147.5 | |
| Wheat (US Dark Northern) | £101 | |
| Rubber (Feb)♥ | 51.25p | -0.50 |
| Rubber (Mar)♥ | 51.00p | -0.50 |
| Rubber (KL RSS No 1 Feb) | 215.5m | |
| Coconut oil (Philippines)§ | $725y | -25.0 |
| Palm Oil (Malaysian)§ | $382.5q | +2.5 |
| Copra (Philippines)§ | $467.5t | |
| Soyabeans (US) | £149.5 | +0.5 |
| Cotton "A" index | 59.05c | -0.4 |
| Wooltops (64s Super) | 415p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

| SUGAR – London FOX | | | ($ per tonne) |
|---|---|---|---|
| Raw | Close | Previous | High/Low |
| Mar | 187.20 | 184.00 | 188.00 182.60 |
| May | 187.80 | 185.60 | 189.00 184.20 |
| Aug | 190.60 | 187.60 | 191.00 185.80 |
| Oct | 191.20 | 192.00 | 191.00 188.80 |
| Dec | 189.00 | 195.00 | 187.00 |
| Mar | 186.00 | | 185.00 |
| White | Close | Previous | High/Low |
| Mar | 270.0 | 266.6 | 270.0 266.0 |
| May | 274.5 | 271.1 | 271.9 270.2 |
| Aug | 277.0 | 273.5 | 274.0 272.0 |
| Oct | 263.5 | 259.6 | 262.0 260.3 |

Turnover: Raw 651 (281) lots of 50 tonnes. White 1322 (795)
Paris- White (FFr per tonne): Mar 1482.65, May 1523.33

| CRUDE OIL – IPE | | | $/barrel |
|---|---|---|---|
| | Latest | Previous | High/Low |
| Mar | 18.05 | 17.98 | 18.32 17.95 |
| Apr | 17.85 | 17.81 | 18.12 17.85 |
| May | 17.78 | 17.70 | 17.95 17.78 |
| Jun | 17.74 | 17.70 | 17.98 17.74 |
| Jul | 17.75 | 17.73 | 17.85 17.75 |
| Oct | 18.05 | 17.90 | 18.08 18.05 |
| IPE Index | 18.45 | 18.04 | 18.45 |

Turnover 16000 (27350)

| GAS OIL – IPE | | | $/tonne |
|---|---|---|---|
| | Close | Previous | High/Low |
| Feb | 171.75 | 171.00 | 173.25 169.25 |
| Mar | 170.50 | 170.00 | 172.00 168.50 |
| Apr | 168.00 | 168.00 | 169.75 167.50 |
| May | 167.00 | 166.50 | 168.50 166.00 |
| Jun | 167.00 | 166.75 | 168.00 166.00 |
| Jul | 168.50 | 168.00 | 169.00 167.25 |
| Aug | 170.50 | 169.50 | 170.50 |
| Sep | 172.50 | 171.50 | 173.00 171.75 |
| Oct | 174.50 | 174.50 | 174.50 174.25 |

Turnover 13156 (13270) lots of 100 tonnes

**SPICES**
Last year saw the peak in overall pepper production which was boosted after record prices in 1987, reports Man-producten. Pepper vines have a start-up period of about four years and once mature it is difficult to shut them down. However, reduced fertilisation is likely to result in smaller crops in 1992. Once global stocks become manageable, prices will increase. Nutmegs - unchanged, with somewhat firmer undertone for the better grades. Cassia - arrivals are beginning to accumulate in New York. Cloves, pimento, ginger - markets quiet.

| COCOA – London FOX | | | £/tonne |
|---|---|---|---|
| | Close | Previous | High/Low |
| Mar | 745 | 747 | 753 742 |
| May | 772 | 773 | 780 768 |
| Jul | 799 | 800 | 806 795 |
| Sep | 822 | 824 | 827 820 |
| Dec | 855 | 855 | 865 852 |
| Mar | 885 | 884 | 887 884 |
| Sep | 937 | | 935 |

Turnover: 3660 (6436) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan.16 923.04 (902.06) 10 day average for Jan.17 906.37 (906.61)

| COFFEE – London FOX | | | $/tonne |
|---|---|---|---|
| | Close | Previous | High/Low |
| Jan | 1037 | 1026 | 1035 1025 |
| Mar | 1014 | 1005 | 1015 1000 |
| May | 996 | 990 | 995 985 |
| Jul | 1004 | 998 | 1003 998 |
| Sep | 1010 | 1011 | 1012 1006 |
| Nov | 1033 | 1024 | 1025 1025 |

Turnover:1519 (1571) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan. 16: Comp. daily 62.20 (61.83) 15 day average 62.08 (62.07)
Sterling close: January £596 , March £583

| POTATOES – London FOX | | | £/tonne |
|---|---|---|---|
| | Close | Previous | High/Low |
| Apr | 117.0 | 117.0 | 117.6 116.5 |
| May | 136.9 | 137.0 | 137.5 137.0 |

Turnover 135 (174) lots of 20 tonnes.

| SOYAMEAL – London FOX | | | £/tonne |
|---|---|---|---|
| | Close | Previous | High/Low |
| Feb | - | - | |

Turnover 0 (0) lots of 20 tonnes.

| FREIGHT – London FOX | | | $10/index point |
|---|---|---|---|
| | Close | Previous | High/Low |
| Jan | 1555 | 1558 | 1570 1555 |
| Feb | 1573 | 1602 | 1590 1580 |
| Mar | 1603 | 1614 | 1605 1590 |
| Apr | 1610 | 1625 | 1620 1610 |
| Jul | 1395 | 1398 | 1400 1385 |
| Oct | 1500 | | 1500 |
| Jan | 1525 | | 1525 |
| BFI | 1531 | 1525 | |

Turnover 327 (649)

| GRAINS – London FOX | | | £/tonne |
|---|---|---|---|
| Wheat | Close | Previous | High/Low |
| Jan | 125.60 | | 125.60 |
| Mar | 127.80 | 127.90 | 128.10 127.65 |
| May | 131.55 | 137.80 | 131.90 131.40 |
| Barley | Close | Previous | High/Low |
| Jan | 118.75 | 119.00 | |

Turnover: Wheat 693 (297), Barley 0 (22).
Turnover lots of 100 Tonnes.

| PIGS – London FOX | | (Cash Settlement) p/kg | |
|---|---|---|---|
| | Close | Previous | High/Low |
| Jan | 109.5 | | 109.5 |
| Feb | 110.8 | 110.0 | 110.4 109.8 |
| Mar | 111.0 | 110.0 | 110.8 |
| Apr | 111.0 | 110.5 | 111.0 110.5 |
| May | 111.0 | 110.5 | 111.0 110.5 |
| Jun | 112.0 | 110.1 | 111.0 110.5 |

Turnover:149 (90)lots of 3,250 kg

| HGCA – London FOX | | | | |
|---|---|---|---|---|
| | Close | Prev. | High | Low | Vol |
| Indx | 133.43 | 133.87 | | | |

| LONDON METAL EXCHANGE | Close | Previous | High/Low | AM Official | Kerb close | Open Interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Total daily turnover 28,082 lots |
| Cash | 1187.5-8.5 | 1187.5-8.5 | | 1189-9 | | |
| 3 months | 1212-3 | 1211-2 | 1216/1200 | 1211-2 | 1210-11 | 119,377 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Total daily turnover 22,923 lots |
| Cash | 1209.5-10.5 | 1220-2 | 1226/1210 | 1225.5-6 | | |
| 3 months | 1234-5 | 1247-8 | 1252/1234.5 | 1251-1.5 | 1240-1 | 107,062 lots |
| **Lead (£ per tonne)** | | | | | | Total daily turnover 2,086 lots |
| Cash | 287-8 | 287-8 | 287 | 286.5-7 | | |
| 3 months | 299-9.5 | 298.5-9 | 301/298 | 298-8.25 | 299.5-300 | 16,175 lots |
| **Nickel ($ per tonne)** | | | | | | Total daily turnover 7,500 lots |
| Cash | 7705-15 | 7535-45 | 7720 | 7760-80 | | |
| 3 months | 7755-60 | 7595-600 | 7829/7580 | 7829-30 | 7750-5 | 19,146 lots |
| **Tin ($ per tonne)** | | | | | | Total daily turnover 589 lots |
| Cash | 5445-65 | 5420-30 | | 5410-5 | | |
| 3 months | 5505-10 | 5480-90 | 5515/5465 | 5470-5 | 5505-15 | 5,030 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Total daily turnover 10,573 lots |
| Cash | 1160-2 | 1155-7 | 1164 | 1164-5 | | |
| 3 months | 1133-5 | 1129-30 | 1135/1125 | 1127-8 | 1139-8 | 41,228 lots |

LME Closing £/$ rate:
SPOT: 1.7765 3 months: 1.7509 6 months: 1.7284 9 months: 1.7043

| LONDON BULLION MARKET (Prices supplied by N M Rothschild) | | |
|---|---|---|
| Gold (fine oz) | $ price | £ equivalent |
| Close | 356.10-356.60 | |
| Opening | 356.90-357.30 | |
| Morning fix | 357.30 | 203.692 |
| Afternoon fix | 355.90 | 201.017 |
| Day's high | 357.80-358.10 | |
| Day's low | 355.20-355.60 | |

| Loco Ldn Mean Gold Lending Rates (Vs US$) | | | |
|---|---|---|---|
| 1 month | 3.49 | 6 months | 3.48 |
| 2 months | 3.49 | 12 months | 3.45 |
| 3 months | 3.49 | | |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 246.60 | 433.50 |
| 3 months | 252.90 | 437.65 |
| 6 months | 259.10 | 442.05 |
| 12 months | 271.60 | 452.25 |

| GOLD COINS (Prices supplied by Engelhard Metals) | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 356.00-357.00 | 201.00-201.50 |
| Maple leaf | 367.00-369.00 | 207.25-207.75 |
| New Sovereign | 87.00-88.00 | 49.25-49.75 |

| TRADED OPTIONS | | | | |
|---|---|---|---|---|
| Coffee | Mar | | Mar | |
| 550 | 39 | | 6 | |
| 600 | 11 | | 28 | |
| 650 | 2 | | 69 | |
| Cocoa | Mar | May | Mar | May |
| 725 | 33 | 63 | 13 | 18 |
| 750 | 19 | 47 | 24 | 25 |
| 775 | 11 | 34 | 41 | 37 |
| Brent Crude | Mar | Apr | Mar | Apr |
| 1700 | 16 | 40 | | |
| 1750 | 29 | 54 | | |
| 1800 | 42 | 71 | | |

## New York

| GOLD 100 troy oz.; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 354.0 | 355.4 | 356.3 | 356.1 |
| Feb | 354.5 | 357.0 | 358.2 | 354.3 |
| Mar | 355.4 | 357.9 | 0 | 0 |
| Apr | 358.5 | 359.0 | 360.3 | 358.1 |
| Jun | 358.6 | 361.2 | 362.0 | 359.9 |
| Aug | 360.7 | 363.4 | 363.3 | 363.3 |
| Oct | 362.9 | 365.6 | 0 | 0 |
| Dec | 365.3 | 368.0 | 368.5 | 365.8 |
| Feb | 370.0 | 370.5 | 370.0 | 370.0 |

| PLATINUM 50 troy oz; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 340.9 | 348.0 | 349.0 | 341.0 |
| Apr | 341.9 | 343.0 | 352.0 | 341.6 |
| Jul | 343.0 | 344.3 | 349.5 | 344.0 |
| Oct | 347.7 | 349.0 | 354.0 | 354.0 |
| Jan | 348.7 | 350.0 | 355.0 | 355.0 |

| SILVER 5,000 troy oz; cents/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 427.0 | 431.6 | 433.0 | 428.0 |
| Feb | 427.5 | 432.3 | 0 | 0 |
| Mar | 429.0 | 433.8 | 437.5 | 428.0 |
| May | 432.3 | 437.4 | 442.0 | 432.0 |
| Jul | 435.7 | 440.8 | 444.0 | 435.0 |
| Sep | 439.3 | 444.6 | 442.0 | 442.0 |
| Dec | 444.8 | 450.2 | 452.0 | 445.0 |
| Jan | 446.8 | 452.2 | 0 | 0 |
| Mar | 450.8 | 456.3 | 456.0 | 451.5 |
| May | 455.3 | 460.9 | 0 | 0 |

| HIGH GRADE COPPER 25,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 96.70 | 96.40 | 97.00 | 96.40 |
| Feb | 96.85 | 96.75 | 97.30 | 96.95 |
| Mar | 97.30 | 97.05 | 97.85 | 96.90 |
| Apr | 97.35 | 97.15 | 97.70 | 97.55 |
| May | 97.35 | 97.20 | 97.70 | 97.10 |
| Jun | 97.45 | 97.30 | 0 | 0 |
| Jul | 97.55 | 97.35 | 97.75 | 97.40 |
| Aug | 97.65 | 97.50 | 0 | 0 |
| Sep | 97.75 | 97.70 | 98.00 | 98.00 |
| Oct | 97.80 | 97.75 | 0 | 0 |

| SUGAR WORLD "11" 112,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 8.59 | 8.31 | 8.65 | 8.28 |
| May | 8.57 | 8.38 | 8.63 | 8.39 |
| Jul | 8.57 | 8.39 | 8.60 | 0 |
| Oct | 8.63 | 8.46 | 8.66 | 0 |
| Mar | 8.67 | 8.54 | 8.65 | 8.50 |
| May | 8.62 | 8.50 | 0 | 0 |

| CRUDE OIL (Light) 42,000 US galls $/barrel | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Feb | 18.90 | 18.91 | 19.21 | 18.84 |
| Mar | 18.99 | 19.04 | 19.33 | 18.94 |
| Apr | 19.03 | 19.08 | 19.34 | 18.96 |
| May | 19.00 | 19.10 | 19.30 | 19.00 |
| Jul | 19.00 | 19.14 | 19.29 | 18.98 |
| Aug | 19.00 | 19.17 | 19.28 | 19.00 |
| Sep | 19.05 | 19.20 | 0 | 19.10 |
| Oct | 18.98 | 19.23 | 19.25 | 19.02 |
| Nov | 19.23 | 19.26 | 19.35 | 19.24 |

| HEATING OIL 42,000 US galls, cents/US galls | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Feb | 5410 | 5487 | 5570 | 5380 |
| Mar | 5435 | 5500 | 5580 | 5405 |
| Apr | 5330 | 5370 | 5440 | 5325 |
| May | 5240 | 5256 | 5330 | 5240 |
| Jul | 5215 | 5221 | 5290 | 5215 |
| Aug | 5285 | 5296 | 5340 | 5340 |
| Sep | 5435 | 5421 | 5435 | 5435 |
| Oct | 5530 | 5511 | 5530 | 5530 |
| Nov | 5620 | 5601 | 5620 | 5620 |

| COCOA 10 tonnes;$/tonnes | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 1218 | 1200 | 1225 | 1208 |
| May | 1252 | 1238 | 1256 | 1241 |
| Jul | 1290 | 1273 | 1290 | 1277 |
| Sep | 1320 | 1302 | 1311 | 1311 |
| Dec | 1360 | 1339 | 1354 | 1354 |
| Mar | 1385 | 1378 | 0 | 0 |
| May | 1416 | 1400 | 0 | 0 |
| Jul | 1436 | 1420 | 0 | 0 |
| Sep | 1466 | 1450 | 0 | 0 |
| Dec | 1496 | 1480 | 0 | 0 |

| COFFEE "C" 37,500lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 77.70 | 78.90 | 79.45 | 77.60 |
| May | 80.70 | 81.80 | 82.20 | 80.50 |
| Jul | 83.25 | 84.45 | 84.80 | 83.20 |
| Sep | 85.95 | 87.00 | 87.25 | 86.05 |
| Dec | 89.65 | 90.50 | 90.00 | 90.00 |
| Mar | 92.90 | 94.00 | 94.00 | 93.25 |
| May | 94.75 | 97.40 | 95.50 | 95.50 |

| COTTON 50,000; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 56.36 | 58.32 | 56.40 | 55.60 |
| May | 58.12 | 58.03 | 0 | 57.50 |
| Jul | 59.37 | 59.22 | 59.42 | 58.65 |
| Oct | 61.80 | 61.65 | 61.80 | 61.40 |
| Dec | 62.40 | 62.25 | 62.40 | 61.85 |
| Mar | 63.70 | 63.50 | 63.40 | 63.40 |

| ORANGE JUICE 15,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 150.15 | 152.60 | 154.00 | 151.00 |
| Mar | 149.15 | 152.90 | 153.40 | 148.75 |
| May | 149.50 | 152.95 | 153.50 | 149.25 |
| Jul | 149.50 | 153.00 | 153.90 | 149.50 |
| Sep | 148.10 | 151.00 | 152.60 | 148.00 |
| Nov | 134.50 | 139.50 | 140.00 | 134.50 |
| Jan | 134.40 | 139.40 | 134.40 | 134.40 |
| Mar | 134.40 | 139.40 | 0 | 0 |
| May | 134.40 | 139.40 | 0 | 0 |

**INDICES**

| REUTERS (Base: September 18 1931 = 100) | | | |
|---|---|---|---|
| Jan.17 | Jan.16 | mnth ago | yr ago |
| 1611.4 | 1609.1 | 1597.0 | 1681.5 |

| DOW JONES (Base: Dec. 31 1974 = 100) | | | | |
|---|---|---|---|---|
| | Jan.16 | Jan.15 | mnth ago | yr ago |
| Spot | 114.42 | 114.12 | 113.31 | 122.40 |
| Futures | 122.55 | 121.91 | 119.73 | 126.09 |

## Chicago

| SOYABEANS 5,000 bu min; cents/60lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 578/6 | 568/6 | 579/0 | 0 |
| Mar | 579/0 | 571/6 | 580/0 | 0 |
| May | 586/0 | 579/2 | 587/2 | 0 |
| Jul | 595/2 | 588/2 | 596/4 | 590/2 |
| Aug | 598/6 | 591/4 | 599/4 | 0 |
| Sep | 602/0 | 592/6 | 604/0 | 597/4 |
| Nov | 609/2 | 599/0 | 610/0 | 0 |
| Jan | 616/4 | 606/0 | 618/0 | 612/4 |

| SOYABEAN OIL 60,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 19.28 | 19.30 | 19.41 | 19.14 |
| Mar | 19.46 | 19.45 | 19.68 | 19.33 |
| May | 19.74 | 19.75 | 19.95 | 19.66 |
| Jul | 20.00 | 20.03 | 20.23 | 19.84 |
| Aug | 20.17 | 20.13 | 20.35 | 20.10 |
| Sep | 20.22 | 20.20 | 20.45 | 20.20 |
| Oct | 20.36 | 20.35 | 20.60 | 20.35 |
| Dec | 20.55 | 20.65 | 20.86 | 20.62 |

| SOYABEAN MEAL 100 tons; $/ton | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 178.0 | 176.6 | 178.0 | 0 |
| Mar | 176.8 | 175.0 | 177.0 | 0 |
| May | 178.2 | 175.9 | 178.3 | 0 |
| Jul | 180.2 | 177.2 | 180.2 | 0 |
| Aug | 181.4 | 178.8 | 181.5 | 0 |
| Sep | 182.3 | 179.2 | 182.3 | 0 |
| Oct | 197.5 | 199.7 | 197.5 | 196.0 |
| Dec | 198.6 | 194.7 | 199.0 | 0 |

| MAIZE 5,000 bu min; cents/56lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 258/4 | 259/0 | 261/2 | 0 |
| May | 268/4 | 265/6 | 268/2 | 0 |
| Jul | 271/0 | 270/6 | 273/2 | 0 |
| Sep | 266/6 | 267/0 | 269/0 | 0 |
| Dec | 263/2 | 264/4 | 266/0 | 263/0 |
| Mar | 270/0 | 271/0 | 271/6 | 0 |
| May | 274/4 | 275/4 | 0 | 0 |

| WHEAT 5,000 bu min; cents/60lb-bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 420/0 | 413/0 | 420/0 | 413/2 |
| May | 405/2 | 398/6 | 405/4 | 0 |
| Jul | 381/2 | 378/0 | 382/0 | 0 |
| Sep | 383/4 | 381/0 | 384/0 | 0 |
| Dec | 393/4 | 392/0 | 395/0 | 390/0 |
| Mar | 394/0 | 392/0 | 395/0 | 392/4 |

| LIVE CATTLE 40,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 74.05 | 74.80 | 74.60 | 73.98 |
| Apr | 74.70 | 75.17 | 75.05 | 74.62 |
| Jun | 70.32 | 70.77 | 70.62 | 70.22 |
| Aug | 67.92 | 68.10 | 68.15 | 67.85 |
| Oct | 68.35 | 68.67 | 68.55 | 68.20 |
| Dec | 69.15 | 69.45 | 69.40 | 69.00 |
| Feb | 68.65 | 0 | 69.00 | 68.65 |

| LIVE HOGS 40,000 lb; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 40.50 | 40.62 | 41.00 | 40.40 |
| Apr | 39.47 | 39.77 | 40.00 | 39.40 |
| Jun | 43.72 | 43.97 | 44.17 | 43.67 |
| Jul | 44.52 | 44.82 | 44.70 | 44.25 |
| Aug | 42.65 | 42.85 | 43.00 | 42.55 |
| Oct | 40.27 | 40.50 | 40.45 | 40.10 |
| Dec | 42.72 | 42.95 | 42.95 | 42.65 |
| Feb | 44.25 | 44.45 | 0 | 44.25 |

| PORK BELLIES 40,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 34.40 | 35.35 | 35.60 | 34.30 |
| Mar | 34.95 | 36.37 | 36.35 | 34.85 |
| May | 36.15 | 37.65 | 37.60 | 36.00 |
| Jul | 36.80 | 38.07 | 38.10 | 36.70 |
| Aug | 35.87 | 36.85 | 37.05 | 35.82 |

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Late selling erodes dollar gains

The dollar lost the best of recent gains in a bout of late selling on the foreign exchange markets yesterday, losing 3 pfennigs as dealers took profits before the weekend, *writes Simon London*.

Overnight in Far East trading the dollar was stable, pushing higher against the D-Mark. From a close in New York at DM1.6172, the US currency rose to DM1.6265 by the close in Tokyo, just below a resistence level at DM1.6280 which marked the high point of the day.

Against the yen the picture was reversed, with the dollar falling back slightly from Y128.28 in New York to Y127.95.

The yen was supported by comments from Mr Yasushi Meino, Bank of Japan govenor, which were interpreted as meaning that the authorities were prepared to tolerate a stonger currency.

But the D-Mark continues to be weak and this was reflected in its cross rate with the yen, which fell steadily through the session.

From Y79.23 at the close in London, the German currency fell to Y78.67 by the Tokyo close, breaching the Y78.80 level at which it was expected to find support. Instead, stop-loss trading programmes kicked into action, accelerating the decline of the D-Mark.

In early European trading the US currency finally breached DM1.6280 after two days of pressure, rising to a high of DM1.6350 during the morning session. Overnight losses against the yen were also recovered as the US unit rose to Y128.50.

However, in late afternooon a wave of selling pushed the dollar back to a low of DM1.5930 and Y127.12. Some traders blamed the fall on US trade figures for November, which showed a sharp 5.5 per cent fall in the level of imports, underlining the weakness of consumer demand in the economy.

Other analysts noted that the selling pressure had all the hallmarks of profit-taking before the weekend. The US unit closed at DM1.6070, from DM1.6185, and Y127.45 from Y128.30.

Within the European exchange rate mechanism, sterling remained close to its floor against the Spanish peseta but gained ground against the D-Mark in line with other currencies.

Having closed at DM2.85 in London yesterday, the UK currency rose to DM2.8520 during the morning session, a position maintained through the day. Sterling close in London at DM2.8550.

UK inflation data for December showed a sharper than expected rise in the rate of retail price increases but this did not dent the stability of sterling.

The retail price index rose during the month at a year-on-year rate of 4.5 per cent, from 4.3 per cent in November. Most analysts had expected a 4.4 per cent year on year rate. Excluding mortgage payments and poll tax, core inflation rose at a year-on-year rate of 7.8 per cent from 7.7 per cent.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Jan 17 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 133.631 | 129.164 | -3.34 | 6.07 | 58 |
| Belgian Franc | 42.4032 | 42.0042 | -0.94 | 3.50 | 40 |
| Dutch Guilder | 2.31643 | 2.29748 | -0.82 | 3.37 | 35 |
| D-Mark | 2.05586 | 2.03993 | -0.77 | 3.33 | 43 |
| Irish Punt | 0.767417 | 0.765689 | -0.23 | 2.76 | 5 |
| Italian Lira | 1538.24 | 1536.76 | -0.10 | 2.62 | -1 |
| French Franc | 6.89509 | 6.95675 | 0.89 | 1.62 | -35 |
| Danish Krone | 7.84195 | 7.91299 | 0.91 | 1.60 | -40 |
| Sterling | 0.696904 | 0.714498 | 2.52 | 0.00 | -50 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

### £ IN NEW YORK

### STERLING INDEX

### CURRENCY MOVEMENTS

### CURRENCY RATES

### OTHER CURRENCIES

| | | |
|---|---|---|
| Hong Kong | 13.6360 - 13.6490 | 7.7625 - 7.7645 |
| Iran | 2500.00* | 1417.00* |
| Korea(Sth) | 1336.25 - 1357.80 | 758.90 - 767.90 |
| Kuwait | 0.51800 - 0.51880 | 0.28800 - 0.28830 |
| Luxembourg | 59.00 - 59.10 | 33.20 - 33.30 |
| Malaysia | 4.7505 - 4.7585 | 2.7050 - 2.7070 |
| Mexico | 5326.20 - 5338.05 | 3062.50 - 3063.50 |
| N.Zealand | 3.2505 - 3.2550 | 1.8500 - 1.8525 |
| Saudi Ar | 6.5430 - 6.6280 | 3.7495 - 3.7505 |
| Singapore | 2.9025 - 2.9095 | 1.6500 - 1.6520 |
| S.Af (Cm) | 4.9440 - 4.9560 | 2.8180 - 2.8195 |
| S.Af (Fn) | 5.7060 - 5.7990 | 3.2470 - 3.3005 |
| Taiwan | 44.30 - 44.35 | 25.20 - 25.25 |
| U.A.E. | 6.4070 - 6.4835 | 3.6715 - 3.6739 |

*Selling rate.

### POUND SPOT - FORWARD AGAINST THE POUND

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

### EURO-CURRENCY INTEREST RATES

| Jan 17 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Can. Dollar | 7¾ - 7½ | 7¾ - 7½ | 6⅞ - 6⅝ | 7⅛ - 6⅞ | 7⅛ - 6⅞ | 7⅛ - 6⅞ |
| Dutch Guilder | 9⅞ - 9¾ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ |
| Swiss Franc | 6⅞ - 6⅝ | 7¾ - 7⅝ | 7⅝ - 7½ | 7⅝ - 7½ | 7⅝ - 7½ | 7⅝ - 7½ |
| D-Mark | 9⅞ - 9¾ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ |
| French Franc | 9⅞ - 9¾ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ |
| Italian Lira | 12 - 10 | 11⅝ - 11⅜ | 11⅝ - 11⅜ | 11⅝ - 11⅜ | 11⅝ - 11½ | 11⅝ - 11⅜ |
| Belgian Franc | 9⅞ - 9⅝ | 9⅞ - 9⅝ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ |
| Yen | 5⅝ - 5⅜ | 5½ - 5⅜ | 5⅜ - 5⅜ | 5⅜ - 5¼ | 5⅜ - 4⅞ | 4⅞ - 4¾ |
| Danish Krone | 10¼ - 10 | 10¼ - 10 | 10¼ - 10 | 10⅛ - 9⅞ | 10 - 9¾ | 10 - 9¾ |
| Asian $Sing | 3 - 2¾ | 2⅞ - 2¾ | 2⅞ - 2¾ | 2⅞ - 2⅞ | 3⅛ - 2⅞ | 3⅝ - 3½ |

Long term Eurodollars: two years 5⅜-5¼ per cent; three years 6-5⅞ per cent; four years 6¼-6⅛ per cent; five years 6⅝-6½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Jan.17 | £ | $ | DM | Yen | F Fr. | S Fr. | N Fl. | Lira | C$ | B Fr. | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.777 | 2.855 | 226.5 | 9.730 | 2.528 | 3.218 | 2151. | 2.051 | 59.05 | 1.400 |
| $ | 0.563 | 1 | 1.607 | 127.5 | 5.476 | 1.423 | 1.811 | 1210 | 1.154 | 33.23 | 0.788 |
| DM | 0.350 | 0.622 | 1 | 79.33 | 3.408 | 0.885 | 1.127 | 753.4 | 0.718 | 20.68 | 0.490 |
| YEN | 4.415 | 7.845 | 12.60 | 1000. | 42.96 | 11.16 | 14.21 | 9497 | 9.055 | 260.7 | 6.181 |
| F Fr. | 1.028 | 1.826 | 2.934 | 232.8 | 10. | 2.598 | 3.307 | 2211 | 2.108 | 60.69 | 1.439 |
| S Fr. | 0.396 | 0.703 | 1.129 | 89.60 | 3.849 | 1 | 1.273 | 850.9 | 0.811 | 23.36 | 0.554 |
| N Fl. | 0.311 | 0.552 | 0.887 | 70.39 | 3.024 | 0.786 | 1 | 668.4 | 0.637 | 18.35 | 0.435 |
| Lira | 0.465 | 0.826 | 1.327 | 105.3 | 4.523 | 1.175 | 1.496 | 1000. | 0.954 | 27.45 | 0.651 |
| C$ | 0.488 | 0.866 | 1.392 | 110.4 | 4.744 | 1.233 | 1.569 | 1049 | 1 | 28.79 | 0.683 |
| B Fr. | 1.693 | 3.009 | 4.835 | 383.6 | 16.48 | 4.281 | 5.450 | 3643 | 3.473 | 100. | 2.371 |
| Ecu | 0.714 | 1.269 | 2.039 | 161.8 | 6.950 | 1.806 | 2.299 | 1536 | 1.465 | 42.18 | 1 |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES AND OPTIONS

### LONDON (LIFFE)

### CHICAGO

### PARIS

#### OPTION ON LONG-TERM FRENCH BOND (MATIF)

| Strike | Calls March | Calls June | Calls September | Puts March | Puts June | Puts September |
|---|---|---|---|---|---|---|
| 106 | - | - | - | 0.06 | - | - |
| 107 | 1.08 | 3.05 | - | 0.14 | 0.80 | - |
| 108 | 1.05 | 2.21 | - | 0.35 | 0.50 | - |
| 109 | 0.51 | - | 1.45 | 0.77 | 0.80 | - |
| 110 | 0.19 | 1.08 | - | 1.44 | 1.25 | - |
| 111 | 0.07 | 0.67 | - | - | - | - |
| 112 | - | 0.41 | - | - | - | - |
| 113 | - | 0.23 | - | - | - | - |
| Open Int | 130,390 | 25,574 | 450 | 100,785 | 20,997 | 250 |

Estimated volume 45,518 Total Open Interest 278,449

## BANK RETURN

| BANKING DEPARTMENT | Wednesday January 15, 1992 | | Increase or decrease for week |
|---|---|---|---|
| LIABILITIES | £ | | £ |
| Capital | 14,553,000 | | |
| Public Deposits | 105,293,062 | + | 4,012,901 |
| Bankers Deposits | 1,758,112,526 | + | 66,143,318 |
| Reserve and other Accounts | 3,270,676,407 | - | 43,961,184 |
| | 5,148,634,995 | + | 26,195,035 |
| ASSETS | | | |
| Government Securities | 1,416,626,529 | + | 35,720,001 |
| Advance and other Accounts | 2,174,610,673 | - | 56,210,041 |
| Premises Equipment & other Secs | 1,546,984,050 | + | 42,355,403 |
| Notes | 10,920,728 | + | 4,287,592 |
| Coin | 293,015 | + | 32,080 |
| | 5,148,634,995 | + | 26,195,035 |
| ISSUE DEPARTMENT | | | |
| LIABILITIES | | | |
| Notes in circulation | 15,759,079,272 | - | 354,287,592 |
| Notes in Banking Department | 10,920,728 | + | 4,287,592 |
| | 15,770,000,000 | - | 350,000,000 |
| ASSETS | | | |
| Government Debt | 11,015,100 | | |
| Other Government Securities | 8,353,620,736 | - | 1,479,070,400 |
| Other Securities | 7,405,364,164 | + | 1,129,070,400 |
| | 15,770,000,000 | - | 350,000,000 |

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 10.5 | Credit Lyonnais | 10.5 | McDonnell Douglas Bnk | 10.5 |
| Allied Trust Bank | 10.5 | Cyprus Popular Bk | 10.5 | Midland Bank | 10.5 |
| AIB Bank | 10.5 | Dunbar Bank PLC | 10.5 | Mount Banking | 10.5 |
| ● Henry Ansbacher | 10.5 | Duncan Lawrie | 10.5 | NatWestminster | 10.5 |
| B & C Merchant Bank | 10.5 | Equatorial Bank plc | 10.5 | Northern Bank Ltd | 10.5 |
| Bank of Baroda | 10.5 | Exeter Bank Limited | 11 | Nykredit Mortgage Bank | 11 |
| Banco Bilbao Vizcaya | 10.5 | Financial & Gen. Bank | 11 | Provincial Bank PLC | 14 |
| Bank of Cyprus | 10.5 | First National Bank Plc | 14 | Roxburghe Bank Ltd | 11.5 |
| Bank of Ireland | 10.5 | ● Robert Fleming & Co. | 10.5 | Royal Bk of Scotland | 10.5 |
| Bank of India | 10.5 | Robert Fraser & Ptnrs. | 11 | ● Smith & Williamson Secs. | 10.5 |
| Bank of Scotland | 10.5 | Girobank | 10.5 | Standard Chartered | 10.5 |
| Banque Belge Ltd | 10.5 | ● Guinness Mahon | 10.5 | TSB | 10.5 |
| Barclays Bank | 10.5 | ● Hambros Bank | 10.5 | Unibank plc | 10.5 |
| Benchmark Bank | 11 | Hampshire Trust Plc | 13.5 | ● United Bk of Kuwait | 10.5 |
| Brit Bk of Mid East | 10.5 | Heritable & Gen Inv Bnk | 10.5 | Unity Trust Bank Plc | 10.5 |
| ● Brown Shipley | 10.5 | ● Hill Samuel | 10.5 | Western Trust | 10.5 |
| CL Bank Nederland | 10.5 | C. Hoare & Co. | 10.5 | Westpac Bank Corp. | 10.5 |
| Citibank NA | 10.5 | Hongkong & Shanghai | 10.5 | Whiteaway Laidlaw | 10.5 |
| City Merchants Bank | 10.5 | Julian Hodge Bank | 10.5 | Yorkshire Bank | 10.5 |
| Clydesdale Bank | 10.5 | ● Leopold Joseph & Sons | 10.5 | | |
| Co-operative Bank | 10.5 | Lloyds Bank | 10.5 | | |
| Coutts & Co | 10.5 | Meghraj Bank Ltd | 10.5 | | |

● Members of British Merchant Banking & Securities Houses Association.

### FORWARD RATES AGAINST STERLING

| | Spot | 1 mth | 3 mths | 6 mths | 12 mths |
|---|---|---|---|---|---|
| US Dollar | 1.7765 | 1.7668 | 1.7488 | 1.7243 | 1.6830 |
| D-mark | 2.8550 | 2.8529 | 2.8488 | 2.8434 | 2.8293 |
| French Fr. | 9.7300 | 9.7260 | 9.7190 | 9.7075 | 9.6730 |
| Swiss Fr | 2.5275 | 2.5216 | 2.5105 | 2.4957 | 2.4649 |
| Yen | 226.50 | 225.49 | 223.57 | 220.69 | 215.40 |



## MONEY MARKETS

# Rates edge higher

UK money market interest rates were pushed higher again yesterday with the market continuing to experience an overall shortage of funds, *writes Simon London*.

The Bank of England forecast a liquidity shortage of £2bn for the day, around half of which resulted from maturing treasury bills and the expiry of earlier money market assistance.

In early assistance the Bank injected a chunky £997m. This comprised the outright purchase of band 1 treasury and bank bills at 10⅜ per cent, band 2 bank bills at 10⅜ per cent and band 4 bank bills at 10⅜ per cent. In addition, the Bank purchased £115m for resale to the market on February 3 at 10⅜ per cent – the same repurchase terms as on Thursday.

A further £527m was injected in the late morning, comprising the purchase of further band 1, 2 and 4 bills and a £136m repurchase paper on the same terms.

In the afternoon session, £373m was injected through the purchase of band 1,2,3 and 4 bills. Late assistance totalled £150m, bring the injection for the day to £2.05bn.

This was enough to keep the lid on overnight money rates, following wild fluctuations which saw unsecured overnight money trade up to 30 per cent on Thursday. However, overnight funds still closed at 11 - 10¾ per cent, against 10¾ - ¾ per cent on Thursday.

The March short sterling contract on the London International Financial Futures Exchange traded up to 89.72 during the day, from a close of 89.69 on Thursday, but fell back through the afternoon session to close at 89.70.

In Frankfurt, money market interest rates eased for the second day running. Call money traded mostly at around 9.40/50 per cent, from 9.45/55 per cent on Thursday and 9.55/60 seen earlier in the week. Analysts noted that the anticipated liquidity squeeze ahead of this months deadline for taxation payments had failed to materialise.

In Tokyo, the Bank of Japan was content to see rates edge higher, offering no immediate assistance in the face of a Y140bn liquidity shortage. Call money traded up to 5¾ per cent, up ⅛ of a point from Thursday.

Rates could press higher still on Monday. A Y1,100bn shortage is forecast, but the Bank of Japan will sell the same amount of bills, draining funds from the market.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Jan.17) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 4⅛ | offer 4¼ | bid | offer 4¼ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

### LONDON MONEY RATES

## MONEY MARKET FUNDS

### Money Market Trust Funds

### Money Market Bank Accounts

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Crd: Frequency at which interest is credited to the account.



**GT BIOTECHNOLOGY & HEALTH FUND**
Société Anonyme
2, boulevard Royal, Luxembourg
R.C. Luxembourg B 24840

Notice is hereby given to the shareholders that as the quorum required at the Extraordinary General Meeting held on December 20, 1991 was not obtained a Second Extraordinary General Meeting will be held at the offices of Banque Internationale à Luxembourg, Société Anonyme, 69, route d'Esch, L-1470 Luxembourg, on Monday, February 3rd, 1992 at 2.00 p.m. with the following agenda:

Renewal of the authorisation of the Board of Directors to issue further shares within the limits of the authorised capital for a further period of five years according to article 5 of the articles of incorporation.

The shareholders are advised that the resolution on the agenda of the Extraordinary General Meeting will require no quorum and will be adopted at a majority of 2/3 of the votes of the shareholders present or represented at the meeting.

In order to take part at the meeting of February 3rd, 1992 the owners of bearer shares will have to deposit their shares five clear days before the meeting with Banque Internationale à Luxembourg, 69, route d'Esch, L-1470 Luxembourg.

THE BOARD OF DIRECTORS

# LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

## British Funds, etc

No. of bargains included 1930

Exchequer 10½% Stk 2005 - £107⅞ (13Ja92)

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £117⅞

## Corporation and County Stocks

No. of bargains included nil

## UK Public Boards

## Foreign Stocks, Bonds, etc-(coupons payable in London)

## Sterling Issues by Overseas Borrowers

## Banks and Discount Companies

## Breweries and Distilleries

## Building Societies

## Registered Housing Associations

## Commercial, Industrial, etc

## Electricity

## Financial Trusts, Land, etc

## Insurance

## Investment Trusts

## Mines - Miscellaneous

## Mines - South African

## Oil

## Property

## Plantations

## Railways

## Utilities

## Shipping

## Water

## Miscellaneous Warrants

## USM Appendix

## Rule 535(2)

Thwaites(Daniel)& Co PLC Ord 25p - £1.8 2 (13Ja92)

Transatlantic Hldgs PLC Ord 50p - £3.2 (13Ja92)

Cnv Cum Prf 50p - £3.8 (10Ja92)

Vista Entertainments PLC Ord 5p - 0½ 1 (13Ja92)

Weetabix Ld"A" Non V Ord 25p - £5♦ 9.1♦

Wynnstay Properties PLC 25p - £1 21 (10Ja92)

### RULE 535 (4) (a)

**Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.**

Berjuntal Tin Dredging S$1 18
Community Psychiatric Centers $12.91♦
Dainippon Screen Manufacturing Y1070 (14/1)
Idaho Power Co $27 342♦
Keystone International $26 83♦
Killinghall Tin (Malaysia) Berhad Ord M$1.426 (15/1)
Kulim Malaysia Ord 25 (14/1)
Leighton Hldgs A$1 45
Malayan Credit S$2 10 (14/1)
National Electronics Hldgs. H$0 612 (13/1)
Oil Search A$0 716
Palabora Mining R74 6 (13/1)
Playmates Hldgs H$4 149
Selangor Coconuts 20 (14/1)
Sherritt Gordon Mines C$7 375 (9/1)
Storer Communications SK280
United Overseas Land S$1 789
United Plantations Berhad DK8 717 (13/1)

*By Permission of the Stock Exchange Council*

# LONDON STOCK EXCHANGE

# Profit-taking reverses early advance

By Terry Byland, UK Stock Market Editor

PROFIT-TAKERS made their expected appearance in the UK stock market yesterday but the broad range of shares held on to the gains achieved this week. The FT-SE Index was again held back by determined selling of pharmaceutical stocks, with Fisons hit hard as Tilade, its asthma drug, met criticism from the US Food and Drug Administration (FDA).

The session opened strongly as some UK public opinion polls indicated an improvement in the ratings of the Conservative government of Mr John Major. Switching from the pharmaceutical sector into the cyclical stocks continued, with the institutions buying the banks, building and construction and retail stocks.

The Footsie quickly advanced by nearly 20 points in early dealings to challenge the 2,560 mark, despite heavy falls in Glaxo, Fisons and SmithKline Beecham which between them represented minus 8.6 on the Footsie scale.

The stock market slowed down at midday and profit-takers appeared when Wall Street made a slow start to the new session after IBM disclosed a loss for the final quarter. The early gains in UK stocks were steadily whittled away and, although the Dow edged higher in UK hours, London closed down on the day, at least in index terms.

The final reading put the FT-SE Index at 2,536.7, a net loss of 4.9. This week has brought a gain of around 2.4 per cent in the UK stock market as hopes of economic recovery have prompted switching into those stocks thought likely to respond to an improved business climate. The sudden advance in the London market has been the more impressive in that it was triggered by cash-raising selling of the heavyweight pharmaceutical stocks.

Trading volume remained high yesterday, with Seaq recording 687.2m shares against 638.4m on Thursday. This week has seen an increase in genuine customer, or retail, business in equities. Thursday, the most active day this week, saw retail volume worth £1.9bn.

European-based funds, which have shown themselves sensitive to political trends in the UK, were buying equities in London yesterday. Domestic investors were also active, taking the view that this week's cuts in mortgage rates may set the scene for further stimulus to the economy at Budget time.

The UK retail index figures, showing an annualised rate of 4.5 per cent in December, confirmed expectations in the City of London. Government bonds, the clearest beneficiaries from falling inflation, moved upwards and although below the best, showed gains of around ⅜ at the close.

● Equity, or customer, volume in equities has picked up sharply since the Christmas holiday and remains above last year's daily averages.

**Account Dealing Dates**

| | | | |
|---|---|---|---|
| First Dealings: | Dec 30 | Jan 13 | Jan 27 |
| Option Declarations: | Jan 9 | Jan 23 | Feb 6 |
| Last Dealings: | Jan 10 | Jan 24 | Feb 7 |
| Account Day: | Jan 20 | Feb 3 | Feb 17 |

*New-time dealings may take place from 8.30 am two business days earlier.

**London SE volume**


**FINANCIAL TIMES STOCK INDICES**

| | Jan 17 | Jan 16 | Jan 15 | Jan 14 | Jan 13 | Year Ago | 1991/92 High | 1991/92 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 87.74 | 87.60 | 87.49 | 87.07 | 87.07 | 84.14 | 87.94 (18/9/91) | 82.17 (2/1/91) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 99.90 | 99.77 | 99.56 | 99.36 | 99.44 | 91.16 | 99.90 (17/1/92) | 90.59 (2/1/91) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share ● | 1966.8 | 1958.3 | 1940.6 | 1910.4 | 1894.8 | 1636.7 | 2108.3 (2/9/91) | 1606.3 (16/1/91) | 2108.3 (2/9/91) | 49.4 (26/6/40) |
| Gold Mines | 159.2 | 156.0 | 158.9 | 152.3 | 156.3 | 151.6 | 222.8 (11/7/91) | 127.0 (22/2/91) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2536.7 | 2541.8 | 2537.1 | 2516.3 | 2490.1 | 2084.0 | 2679.6 (2/9/91) | 2054.8 (16/1/91) | 2679.6 (2/9/91) | 986.9 (23/7/84) |
| FT-SE Eurotrack 200 | 1171.15 | 1164.75 | 1174.57 | 1148.84 | 1139.94 | - | 1198.60 (3/9/91) | 938.62 (16/1/91) | 1198.60 (3/9/91) | 938.62 (16/1/91) |
| ●Ord. Div. Yield | 4.67 | 4.67 | 4.66 | 4.73 | 4.78 | 5.85 | | | | |
| ●Earning Yld %(full) | 7.01 | 7.00 | 7.01 | 7.08 | 7.14 | 12.19 | | | | |
| ●P/E Ratio(Net)(*) | 17.94 | 17.95 | 17.92 | 17.74 | 17.62 | 9.92 | | | | |
| SEAQ Bargns 4.45pm | 32,267 | 31,769 | 32,079 | 27,193 | 26,528 | 24,393 | | | | |
| Equity Turnover(£m)† | - | 1353.4 | 1207.5 | 1006.6 | 781.0 | 533.6 | | | | |
| Equity Bargains† | - | 31,691 | 32,605 | 26,003 | 26,303 | 23,347 | | | | |
| Shares Traded (ml)† | - | 583.5 | 548.2 | 425.8 | 381.2 | 279.6 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 16.02 † Indicative

**Ordinary Share Index, Hourly changes** Day's High 1987.0 Day's Low 1962.4

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1983.1 | 1968.0 | 1984.6 | 1983.9 | 1984.3 | 1980.5 | 1982.5 | 1976.5 | 1969.4 |

**FT-SE 100, Hourly changes** Day's High 2560.6 Day's Low 2536.5

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2543.9 | 2541.5 | 2555.8 | 2553.2 | 2556.5 | 2549.8 | 2553.8 | 2546.9 | 2538.0 |

**FT-SE Eurotrack 200, Hourly changes** Day's High 1178.16 Day's Low 1170.28

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm |
|---|---|---|---|---|---|---|
| 1172.75 | 1174.89 | 1173.34 | 1176.79 | 1174.83 | 1175.23† | 1173.73 |

**GILT EDGED ACTIVITY**

| Indices* | Jan 16 | Jan 15 |
|---|---|---|
| Gilt Edged Bargains | 80.4 | 92.5 |
| 5 – Day average | 83.3 | 84.2 |

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

# Selling wave hits Fisons

PHARMACEUTICAL group Fisons suffered the biggest percentage fall of all the FT-SE 100 stocks yesterday and recorded the highest turnover. The shares fell 27, or 7.5 per cent, to 334p with a closing volume of 15m. The effect of the heavy switching out of pharmaceutical stocks in New York was accentuated by negative press reports. Specifically, an article yesterday said Fisons' most promising product, the asthma drug Tilade, had been criticised by the US Food and Drug Administration.

Analysts said they were slightly surprised by the effect of the press reports. One said: "We are not learning anything new here but clearly shareholders are still nervous. This sort of news is already reflected in the price but there does tend to be a knee-jerk reaction."

## BET falls

Strong rumours of a downgrade in 1992 profit forecasts for international support services company BET by one securities house led to a sharp fall in the share price.

The shares had been up about 10p for much of the day. Then, speculation swept the market that securities house Robert Fleming would on Monday be reducing its 1992 forecast for BET to £135m, well below the range of analysts forecasts which stands between £150m and £165m. The shares tumbled sharply to close 19 off at 188p with 6.3m traded. A number of houses mentioned Fleming but the house had no comment to make.

## BP hit again

The recent see-saw performance by BP continued yesterday with the shares heavily sold and finally 8 lower at 284p – one of the Footsie's poorest individual performances. Earlier in the week BP shares, along with most of the oil stocks, posted good gains as crude oil prices recovered in the wake of production cuts. Adding to the bullish trend in the stock was a flurry of broker buy notes in the sector.

Yesterday's notable weakness emerged after Strauss Turnbull, the broker, issued a swingeing downgrade of the 1992 profits forecast on the basis of an increase in the company's tax charge from 45 per cent to an average of 50 per cent during 1992; "this means a substamntially uncovered dividend for two years," said Mr John Toalster at Strauss. He also spsoke of the company's refining margins coming under more pressure. Strauss chopped their 1992 forecast from £930m to £750m.

Construction group AMEC remained one of the pacemakers in the contracting sub-sector despite the placing of a hefty block of shares in the company via a "bought deal." The Seaq ticker revealed that two large blocks of AMEC were traded, a line of 7.1m at 145p and a block of 7.1 at 146p.

Smith New Court, widely regarded as the market's "bought deal" specialist, was said to have transacted the business which caused little more than a murmur in AMEC shares. They closed a net 7 higher at 152p with turnover, made up largely of both sides of the bought deal, reaching 15.2m.

An early fall in Wellcome was reversed after the group said sales in the first four months of its financial year to the end of August had risen by by 20 per cent. The shares a closed 12 up at 1034p with 3.6m traded.

The slide in pharmaceuticals stocks continued yesterday. Glaxo dropped 28 to 838p, and SmithKline Beecham lost 34 to 889p.

Cyclical switching benefited RTZ (up 15 537p) and ICI (33 better at 1255p). Hanson appeared to find a level at 216½p but saw good two-way business with 11m shares dealt.

Shell, a good performer for much of the week, ran into profit-taking and settled 6 off at 497p on a heavy turnovver of 7.7m shares. British Gas, remained firm at 243p on 5.7m.

Dealers noted persistent demand for Burmah Castrol, which ended the day 11 higher at 519p, on stories that the first in a series of disposals associated with the Foseco business acquired by Burmah last year, is imminent. Burmah shares have risen 33p over the week.

Property shares gained from the move into cyclical stocks as buyers were spurred on by Thursday's mortgage rate cuts. As prices rose, some brokers issued urgent sell notes and the market was hit by profit-taking.

However, many analysts believe the rises are sustainable.

Of the leading stocks, British Land was up 7 to 262p, Greycoat gained 7 to 75p, Land Securities added 13 to 473p, while MEPC rose 11 to 395p. Hammerson, which announced the part-letting of a Fifth Avenue office block, saw its Ordinary shares gain 12 to 535p, the A shares closing 10 ahead at 475p.

Medeva fell 12 to 216p. It was announced that the Bank of New York, which holds American Depositary Receipts for its clients, had increased its interest in Medeva by 1.5m shares to almost 28m (14.13 per cent). Arjo Wiggins Appleton fell 17 to 258p on announcing the breaking off of negotiations for the sale of its 42.8 per cent stake in Soporcel.

Leisure stocks with significant property exposure benefited from the rally in property shares. Ladbroke jumped 8½ to 222½p and Rank Organisation rose 15 to 616p, while the less-exposed Forte gained 3 to 234p.

Unusually heavy turnover of 16m at Cityvision left the shares only ¼p higher at 51p, with Blockbuster, the company making the agreed £75m takeover for the video rental group, active in the market.

Hopes that the latest cuts in mortgage rates will quickly filter through into retail spending prompted another bout of out performanceby stores shares. Leading the sector higher was Marks & Spencer, up 10 to 302p on turnover of 6.5m.

Alexon was another strong performer, the shares settling 18 higher at 349p after a recent presentation at BZW attended by around 20 leading institutions. and profits estimates for next

Burton edged up 1¼ to 40p with hefty turnover of 16m substantially boosted by an agency cross of 5m at 39p.

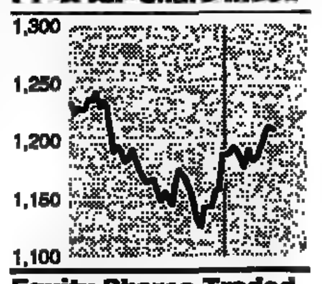
Thursday's mortgage rate cuts by leading UK lenders triggered another burst of buying interest in building materials and construction stocks. In the former group RMC took pride of place in advancing 23 to 579p while Rugby, heavily bought on Thursday, raced up 9 more to 196p.

The Steetley/Redland bid battle hotted up with speculation that ECC, formerly English China Clays, is about to enter the fray, driving Steetley higher. They closed 11 better at 381p, well below the Redland terms, while the latter, moved up 15 to 473p. Significantly, according to dealers, ECC fell 3 to 485p, having been as low as 478p earlier in the session.

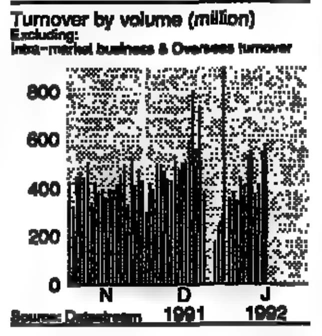
**MARKET REPORTERS:**
Peter John, Joel Kibazo, Christopher Price
Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

**FT-A All-Share Index**




**Equity Shares Traded**




**TRADING VOLUME IN MAJOR STOCKS**

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| ADT | 92 | 468 | +8½ |
| ASDA Group | 10,000 | 35½ | +1 |
| Abbey National | 2,800 | 298½ | +3½ |
| Albert Fisher | 2,500 | 78 | +½ |
| Allied-Lyons | 819 | 646 | +1 |
| Amstrad | 1,300 | 31 | |
| Anglian Water | 335 | 340 | +2 |
| Argos | 1,100 | 294 | +7 |
| Argyll Group | 3,000 | 309 | +1 |
| Arjo Wiggins | 6,800 | 258 | -17 |
| Ass. Brit. Foods | 492 | 489 | |
| BAA | 1,100 | 567 | +9 |
| BAT Inds. | 2,700 | 686 | -13 |
| BET | 6,300 | 188 | -19 |
| BICC | 1,300 | 380 | +10 |
| BOC | 1,200 | 690 | -16 |
| BPB Inds. | 4,000 | 159 | +2 |
| BTR | 3,700 | 436 | +6 |
| Bank of Scotland | 1,000 | 117 | +3 |
| Barclays | 5,800 | 389 | +7 |
| Bass | 1,400 | 1007 | +15 |
| Berisford Int. | 607 | 98 | +½ |
| Blue Circle | 4,700 | 259 | +6 |
| Booker | 274 | 439 | -2 |
| Boots | 1,300 | 443 | +6 |
| Bowater | 593 | 724 | +10 |
| Brit. Aerospace | 688 | 314 | -6 |
| British Airways | 3,700 | 244 | -4 |
| British Gas | 6,100 | 243 | +½ |
| British Land | 963 | 262 | +7 |
| BP | 10,000 | 284 | -8 |
| British Steel | 10,000 | 78½ | -½ |
| British Telecom | 2,400 | 338 | -2 |
| Br. Telecom New | 3,700 | 114 | -1 |
| Bunzl | 2,100 | 91 | |
| Burmah Castrol | 341 | 519 | +11 |
| Burton | 16,000 | 40 | +1¼ |
| Cable & Wire. | 7,100 | 600 | -12 |
| Cadbury Schweppes | 2,800 | 439 | -10 |
| Calor Group | 18 | 815 | +3 |
| Carlton Comms | 385 | 541 | |
| Coats Viyella | 786 | 186 | +8 |
| Comm. Union | 886 | 471 | +7 |

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| Cookson | 1,200 | 115 | +3 |
| Courtaulds | 2,200 | 508 | -1 |
| Dalgety | 817 | 379 | +11 |
| De La Rue | 443 | 812 | -8 |
| Dixons | 2,500 | 230 | +4 |
| ECC Group | 1,100 | 485 | -3 |
| Eastern Elect. | 812 | 228 | |
| East Midland Elect | 1,900 | 248 | +3½ |
| Enterprise Oil | 446 | 442 | -1 |
| Eurotunnel Units | 353 | 480 | +1 |
| FKI | 2,700 | 58 | +1 |
| Ferranti | 10,000 | 5½ | |
| Fisons | 15,000 | 334 | -27 |
| Forte | 1,900 | 234 | +3 |
| Gen. Accident | 1,300 | 486 | +8 |
| General Elect. | 3,500 | 195 | +2 |
| Glaxo | 10,000 | 838 | -28 |
| Glynwed Int. | 697 | 313 | +14 |
| Granada | 224 | 213 | +1 |
| Grand Met. | 3,200 | 928 | -1 |
| GUS A | 183 | 1394 | +6 |
| GRE | 3,800 | 139 | -8 |
| GKN | 991 | 318 | +13 |
| Guinness | 2,300 | [illegible] | |
| Hammerson 'A' | 121 | 475 | +10 |
| Hanson | 11,000 | 216½ | |
| Hanson Warrants | 2,300 | 23½ | +1 |
| Harrisons Crosfield | 1,100 | 139 | +10 |
| Hawker Sidd. | 48 | 788 | +10 |
| Hillsdown | 1,800 | 181 | -3 |
| IMI | 449 | 248 | +12 |
| ICI | 3,500 | 1255 | +33 |
| Inchcape | 1,300 | 418 | +6 |
| Kingfisher | 3,800 | 487 | +9 |
| Ladbroke | 3,700 | 222½ | +8½ |
| Land Securities | 2,600 | 473 | +13 |
| Laporte | 700 | 618 | -1 |
| Legal & General | 753 | 363 | +3 |
| Lloyds Abbey | 2,800 | 389 | +1 |
| Lloyds Bank | 1,900 | 409 | +5 |
| LASMO | 1,000 | 347 | -2 |
| London Elect. | 137 | 253 | +3 |
| Lonrho | 8,700 | 180 | +8 |

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| Lucas | 4,300 | 171 | +3 |
| MB Caradon | 2,800 | 298 | +1 |
| MEPC | 2,100 | 395 | +11 |
| Manweb | 338 | 312 | +1 |
| Marks & Spencer | 6,500 | 302 | +10 |
| Midland Bank | 3,700 | 229 | +5 |
| Midlands Elect. | 243 | 289 | +3 |
| NFC | 740 | 247 | -2 |
| NatWest Bank | 7,100 | 289 | +2 |
| National Power | 6,700 | 140½ | +1½ |
| Next | 782 | 64 | +1½ |
| North West Water | 609 | 347 | +1 |
| Northern Elect. | 76 | 330 | +1 |
| Northern Foods | 895 | 536 | -5 |
| Norweb | 317 | 276 | +5 |
| Pearson | 130 | 758 | -4 |
| P & O | 2,800 | 460 | +7 |
| Pilkington | 2,700 | 148 | +5 |
| PowerGen | 2,200 | 147 | +1 |
| Prudential | 1,300 | 238 | +4 |
| RHM | 355 | 298 | -1 |
| RMC | 1,100 | 579 | +23 |
| RTZ | 5,000 | 537 | +15 |
| Racal | 8,500 | 50 | |
| Rank Org. | 471 | 616 | +15 |
| Reckitt & Colman | 532 | 661 | -2 |
| Redland | 3,100 | 473 | +15 |
| Reed Intl. | 1,200 | 528 | +1 |
| Rentokil | 1,000 | 286 | -30 |
| Reuters | 599 | 1041 | -27 |
| Rolls Royce | 2,800 | 139 | +2 |
| Rothmans | 740 | 1115 | |
| Ryl Bk Scotland | 2,800 | 172 | +4 |
| Royal Insurance | 3,000 | 260 | +6 |
| Saatchi | 16,000 | 13½ | |
| Sainsbury | 1,000 | 385 | +2 |
| Scottish & New. | 173 | 444 | +1 |
| Scot. Hydro-Elect. | 1,200 | 105 | |
| Scottish Power | 3,500 | 99½ | -1½ |
| Sears | 2,600 | 86 | +1 |
| Sedgwick | 470 | 221 | +4 |
| Seeboard | 185 | 261 | +4 |
| Severn Trent Water | 1,300 | 321 | +2 |

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| Shell Transport | 2,800 | 497 | -6 |
| Siebe | 856 | 871 | +3 |
| Slough Ests | 703 | 240 | +10 |
| Smith (W.H.) A | 1,100 | 473 | +10 |
| Smith & Nephew | 1,300 | 143½ | +½ |
| SmKl Beecham | 3,700 | 889 | -34 |
| SmKl Beecham Uts | 136 | [illegible] | -137 |
| Smiths Inds. | 323 | 287 | +4 |
| Southern Elect. | 948 | 352 | -1 |
| South Wales Elect. | 130 | 312 | |
| South West Water | 230 | 322 | |
| South West. Elect. | 385 | 294 | +4 |
| Southern Water | 1,000 | 329 | |
| Standard Chartd | 309 | 428 | -2 |
| Storehouse | 3,700 | 180 | +2 |
| Sun Alliance | 8,100 | 288 | +9 |
| T&N | 1,700 | 185 | +2 |
| TI Group | 278 | 604 | +5 |
| TSB | 5,300 | 129 | +1 |
| Tarmac | 5,700 | 123 | +8 |
| Tate & Lyle | 955 | 438 | |
| Taylor Woodrow | 2,700 | 131 | +1 |
| Tesco | 3,100 | 230 | +1 |
| Thames Water | 523 | 343 | +2 |
| Thorn EMI | 850 | 815 | +10 |
| Tomkins | 404 | 445 | +2 |
| Trafalgar House | 3,600 | 133 | +4 |
| Ultramar | 179 | 284 | -2 |
| Unigate | 2,300 | 298 | -3 |
| Unilever | 1,600 | 901 | -9 |
| United Biscuits | 1,400 | 411 | -3 |
| Utd. Newspapers | 2,100 | 362 | +14 |
| Vodafone | 3,100 | 371 | -3 |
| Warburg (SG) | 174 | 543 | +6 |
| Wellcome | 3,800 | 1034 | +12 |
| Welsh Water | 172 | 359 | -1 |
| Wessex Water | 146 | 384 | -1 |
| Whitbread 'A' | 1,400 | 473 | +10 |
| Williams Hldgs. | 2,100 | 327 | +7 |
| Willis Corroon | 872 | 214 | |
| Wimpey | 1,000 | 118 | +3 |
| Yorkshire Elect. | 437 | 298 | +4 |
| Yorkshire Water | 556 | 366 | +3 |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

**EQUITY FUTURES AND OPTIONS TRADING**

DERIVATIVES markets ended a busy week with a calmer session yesterday although stock index futures trading was characterised by volatility writes Joel Kibazo.

A squeeze at the opening sent the March Footsie contract forward to touch the 2,600 level, encouraged by firm gilts and currencies markets. Sellers then emerged mid-morning causing March to give up earlier gains. The contract continued to drift lower, paying no heed to UK inflation figures that were in line with market expectations, until early afternoon.

Sporadic buying was then noted as dealers anticipated a firm opening on Wall Street. When this did not materialise, March once again retreated.

March closed at 2,576, up 8 on the previous session and some 17 points above its fair value estimated premium to cash of 23. Turnover reached 6,837, down on levels seen for most of the week.

In traded options, turnover reached 36,554 lots. Marks & Spencer was the busiest stock option trading a hefty 5,241 contracts with the April 300 calls the busiest series. Analysts have come to the view that the Christmas and post-Christmas sales figures at the group are likely to be ahead of earlier predictions.

**NEW HIGHS AND LOWS FOR 1991/92**

NEW HIGHS (124).
BRITISH FUNDS (33) Tr. 8pc ?, 1992, Tr. 9pc 1992, Tr. 8¼pc 1993, Tr. 8½pc 1994, Tr. 9pc 1994, Tr. 8¾pc 1997, Tr. 8¾pc '96-99, Tr. 8½pc 1999, Cv. 9pc 2000, Tr. 10pc 2003, Tr. 11½pc '01-04, Fd. 3½pc '99-04, Cv. 9½pc 2004, Do. A, Cv. 9½pc 2005, Tr. 12½pc '03-05, Tr. 8pc '02-06, Tr. 11¾pc '03-07, Tr. 8½pc 2007, Tr. 13½pc '04-08, Tr. 9pc 2008, Tr. 8pc 2009, Cv. 9pc 2011, Do.B, Tr. 8¾pc '08-12, Tr. 7¾pc '12-15, Ex. 12pc '13-17, Tr. 8pc [illegible], Consols 4pc, War Loan 3½pc, Cv. 3½pc '61, Tr. 3pc '66, OTHER FIXED INTEREST (9) African Dev. 11¼pc 2010, Asian Dev 10¼pc 2009, Birmingham 11½pc 2012, Intl-Amer. Dev. 9½pc 2015, Manchester 11½pc 2007, AMERICANS (7) Echlin, Ingersoll-Rand, Loew's, Pall, Unit. Tech., Waste Mngemt., Whirlpool, CANADIANS (1) Amer. Barrick Res., BANKS (1) Lloyds, BREWERS & DISTILLERS (4) Bass, Boddington, Bulmer (HP), Mansfield, BUILDING MATERIALS (1) Heywood Williams, BUSINESS SERVICES (1) Inchcape, CHEMICALS (2) Allied Colloids, Plysu, CONGLOMERATES (1) Jardine Hldgs., CONTRACTING & CONSTRUCTION (1) Boot (H), ELECTRICALS (4) Chemring Cv Prf., [illegible] Light, Hawker Siddeley, Motorola, ELECTRONICS (4) Druck, Eurotherm Intl., Micro Focus, Racal, ENGINEERING GENERAL (6) Black & Decker, Fairey, Hall, Transfer Tech., Victaulic, Weir, FOOD MANUFACTURING (3) Greencore, Salvesen (Ch), Tweall, FOOD RETAILING (2) Iceland Frozen, Kwik Save, Park, HOTELS & LEISURE (4) Eurocamp, First Leis., Mandarin Oriental Intl., Tanjong, INSURANCE LIFE (2) Irish Life, Lincoln Natl., INVESTMENT TRUSTS (12) Aberforth Smllr. Co's, Contra-Cyclical Zero Prf., ECU, Leveraged Oppty., River Plate Zero Prf., Scot. Natl. Stppd. Prf., TR Tech. Zero Prf., Templeton Emrg. Mkts., Do. Wrrnts., Do. 1pc Cv. 2001, Throgmorton Dual Inc. Cap., Whitbread Inv., MEDIA (3) Central ITV, Scottish TV, Trinity Intl., Ulster TV, METAL & METAL FORMING (1) Johnson Matthey, MISCELLANEOUS (2) BAT Inds. 12½pc Ln. '03-08, Stag Furniture, MOTORS (1) Cowie (T), OTHER FINANCIAL (4) Baring Chrysalis, Haw Par, Swire Pacific A, Templeton Galbraith, OTHER INDUSTRIAL MATERIALS (8) ECC, Harris (Ph), Tomkins, Do. 5.6p Prf., Do. 8¾pc Prf., PACKAGING, PAPER & PRINTING (4) [illegible], Do. 7.75pc Prf., [illegible], Smurfit (J), PROPERTY (1) Slough Ests. 8pc Cv. 2001, STORES (4) Boots, Lloyds Chemists, Do. 7.5p Prf., Marks & Spencer, TEXTILES (1) British Mohair, TRANSPORT (1) CSX, SOUTH AFRICANS (2) Barlow Rand, Tongaat-Hulett.
NEW LOWS (35).
BUILDING MATERIALS (2) Blockleys, Starmin, CHEMICALS (1) Brent, CONTRACTING & CONSTRUCTION (1) McLaughlin & Harvey, ELECTRICALS (1) Clarke (T), ENGINEERING GENERAL (4) Hadleigh Inds., Hay (N), Neepsend, [illegible], FOOD MANUFACTURING (1) Matthews (B), FOOD RETAILING (1) Merchant Retail, HOTELS & LEISURE (1) Kunick, INVESTMENT TRUSTS (1) EPM Jers., MERCHANT BANKS (1) Wintrust, MISCELLANEOUS (4) Aberfoyle, Bilston & Battersea, [illegible] (S), NPS, OIL & GAS (2) Hardy Oil, Triton Europe, OTHER FINANCIAL (3) Burlington, Fidelity Japan OTC Wrrnts., Union Discount, OTHER INDUSTRIAL MATERIALS (2) Allied Partnership, Whitecroft, PACKAGING, PAPER & PRINTING (1) Tinsley Robor, PROPERTY (4) Anglo St. James, Rosehaugh, Shaftesbury, [illegible], STORES (3) Austin Reed, Owen & Robinson, Stylo, TEXTILES (1) Jacques Vert, PLANTATIONS (1) Williamson.

**RISES AND FALLS YESTERDAY**

| | On Friday Rises | On Friday Falls | On Friday Same | On the week Rises | On the week Falls | On the week Same |
|---|---|---|---|---|---|---|
| British Funds | 70 | 0 | 11 | 249 | 89 | 67 |
| Other Fixed Interest | 10 | 3 | 5 | 39 | 16 | 35 |
| Commercial, Indusurial | 438 | 187 | 862 | 1,930 | 1,034 | 4,491 |
| Financial & Property | 263 | 87 | 444 | 1,079 | 419 | 2,464 |
| Oil & Gas | 19 | 17 | 55 | 126 | 75 | 254 |
| Plantations | 0 | 1 | 8 | 4 | 1 | 44 |
| Mines | 23 | 11 | 118 | 169 | 142 | 449 |
| Others | 57 | 48 | 31 | 302 | 181 | 221 |
| Totals | 880 | 354 | 1,534 | 3,898 | 1,957 | 8,025 |

**FT-A INDICES LEADERS AND LAGGARDS**

Percentage changes since December 31 1991 based on Thursday January 16 1992

| | | |
|---|---|---|
| Gold Mines Index | + | 11.35 |
| Electricals | + | 7.46 |
| Packaging, Paper & Printing | + | 7.28 |
| Other Industrial Materials | + | 6.69 |
| Metals & Metal Forming | + | 6.16 |
| Engineering-General | + | 5.14 |
| Brewers and Distillers | + | 5.04 |
| Conglomerates | + | 5.02 |
| Engineering-Aerospace | + | 4.76 |
| Business Services | + | 4.75 |
| Building Materials | + | 4.60 |
| Capital Goods | + | 4.34 |
| Insurance(Brokers) | + | 4.34 |
| Transport | + | 4.20 |
| Media | + | 3.52 |
| Stores | + | 2.96 |
| Chemicals | + | 2.86 |
| Water | + | 2.75 |
| Motors | + | 2.74 |
| Industrial Group | + | 2.63 |
| Merchant Banks | + | 2.56 |
| Consumer Group | + | 2.40 |
| Banks | + | 2.40 |
| Investment Trusts | + | 2.19 |
| 500 Share Index | + | 2.14 |
| Hotels & Leisure | + | 2.11 |
| Other Groups | + | 1.99 |
| All Share Index | + | 1.85 |
| Textiles | + | 1.40 |
| Health & Household | + | 1.20 |
| Financial Group | + | 0.51 |
| Food Retailing | + | 0.48 |
| Food Manufacturing | + | 0.45 |
| Electronics | + | 0.21 |
| Telephone Networks | - | 0.65 |
| Property | - | 1.12 |
| Contracting,Construction | - | 1.17 |
| Oil & Gas | - | 1.35 |
| Insurance(Composite) | - | 2.53 |
| Insurance(Life) | - | 3.11 |
| Electricity | - | 3.21 |

**BENCHMARK GOVERNMENT BONDS**

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 12.000 | 11/01 | 112.6980 | -0.684 | 9.84 | 9.66 | 9.65 |
| BELGIUM | | 9.000 | 06/01 | 102.0500 | +0.080 | 8.49 | 8.45 | 8.50 |
| CANADA * | | 8.500 | 04/02 | 102.1000 | -0.100 | 8.19 | 8.00 | 8.42 |
| DENMARK | | 9.000 | 11/00 | 103.0700 | +0.130 | 8.31 | 8.32 | 8.61 |
| FRANCE | BTAN | 8.500 | 11/96 | 99.1018 | -0.001 | 8.72 | 8.73 | 9.04 |
| | OAT | 9.500 | 01/01 | 105.5000 | +0.070 | 8.44 | 8.44 | 8.69 |
| GERMANY | | 8.25 | 09/01 | 102.1600 | +0.120 | 7.91 | 7.94 | 8.16 |
| ITALY | | 12.000 | 05/01 | 98.4700 | -0.010 | 12.27 | 12.37 | 12.48 |
| JAPAN | No 119 | 4.800 | 06/96 | 95.7565 | +0.463 | 5.61 | 5.59 | 5.94 |
| | No 129 | 6.400 | 03/00 | 105.9994 | +0.476 | 5.34 | 5.33 | 5.64 |
| NETHERLANDS | | 8.500 | 03/01 | 100.7300 | +0.130 | 8.38 | 8.40 | 8.67 |
| SPAIN | | 11.900 | 07/96 | 101.6000 | +0.180 | 11.08 | 11.13 | 11.32 |
| UK GILTS | | 10.000 | 11/96 | 101-12 | +4/32 | 9.63 | 9.78 | 9.71 |
| | | 10.000 | 02/01 | 103-05 | +13/32 | 9.47 | 9.59 | 9.59 |
| | | 9.000 | 10/08 | 95-17 | +11/32 | 9.17 | 9.32 | 9.36 |
| US TREASURY * | | 7.500 | 11/01 | 102-24 | +10/32 | 7.10 | 6.89 | 7.19 |
| | | 8.000 | 11/21 | 104-09 | +19/32 | 7.63 | 7.47 | 7.76 |

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. *Technical Data/ATLAS Price Sources*

# COMMODITIES

## WEEK IN THE MARKETS

# Silver takes lead in bullion market

SILVER TOOK over the role of pace maker in the precious metals market this week. Having been towed into higher ground by gold's strength, silver prices spent the early part of the week consolidating those gains before moving ahead strongly to a six-month high on US commission house and investment fund buying.

The rise took the cash price at the London bullion market through stiff resistance at at 425 cents a troy ounce on Thursday, when the market easily absorbed a bout of Middle East selling, and despite easing back by 6 cents yesterday it closed at 430 cents an ounce, a net gain of 18 cents.

Traders noted that the advance was aided by improved sentiment on the outlook for the US economy.

Silver's strength spilled over into the gold and platinum markets, which had earlier surrendered some of last week's gains. After dipping to $353.90 an ounce the gold price was pushed up to $357.65 an ounce before meeting stiff resistance. It closed yesterday at $356.35 an ounce, down $1.40 on the week. Meanwhile the platinum price rallied from Tuesday's low of $332 an ounce to $348 an ounce, up $6.25 on balance.

At the London Metal Exchange the leading base metals contracts also built on last week's gains. The sharpest gains were for aluminium, up $51 at $1,188 a tonne in the cash position; copper, up £34 at £1,210; and nickel, up $390 at $7,710.

Aluminium's rise started in mid-week after dealer purchases and option covering triggered a wave of stop-loss buying. In the absence a fundamental explanation dealers put the advance down to investment fund and speculator buying. But they noted that gains were limited by producer selling and that, suggested Mr Robin Bhar, analyst at Car, Kitcat & Aitken, indicated that producers felt the market would "get worse before it gets better".

**LME WAREHOUSE STOCKS**
(As at Thursday's close)
tonnes

| | | |
|---|---|---|
| Aluminium | +6,575 | to 1,036,375 |
| Copper | -3,050 | to 327,850 |
| Lead | +1,175 | to 127,550 |
| Nickel | +694 | to 14,620 |
| Zinc | +1,575 | to 159,950 |
| Tin | +275 | to 14,055 |

Nevertheless, as aluminium tends to lead the base metals out of recession, because of its use in a wide variety of industrial and consumer products, the market's improved sentiment was reflected in other LME contracts.

Copper in particular benefited from aluminium's strength, after a threat of a temporary stoppage, because of financial difficulties, at the huge La Oroya complex in Peru, which produces about 50,000 tonnes of copper a year, failed to materialise. Yesterday the price fell back £11 in spite of news that Inco of Canada had declared *force majeure* on shipments from its Copper Cliff refinery because of furnace failures. According to the company, however, output losses should amount to only about 7,700 tonnes.

The La Oroya fears also affected the zinc market, which already had its tail up because of Monday's announcement that Nuova Samim of Italy would be closing its 100,000 tonnes-a-year Crotone smelter in southern Italy for a refit at some time during the first half of this year. That followed the announcement of the closure of Union Miniere's 120,000-tonne Overpelt smelter in Belgium. Cash zinc closed on the LME yesterday at $1,161 a tonne, up $24.50 on the week.

Concern over Russian supplies was chiefly responsible for the rise in the nickel market. President Yeltsin was quoted in a local newspaper in the town of Nikel as saying that the huge nickel complex in the area should be closed because it was uneconomic. Analysts played down the significance of this, however, pointing out that Mr Yeltsin said the closure should follow Russia's switch to a free market economy, which could take a very long time. There was also some talk circulating early yesterday of difficulties at Outokumpu's 14,000 tonnes-a-year Harjavalta plant in western Finland. But this was denied by the company.

Tin and lead were again left out of the uptrend, the former dipping at one point to a fresh life-of-contract low of $5,485 a tonne in the three months position. Lead continued to be depressed by flat battery sales and the cash position closed yesterday at £287.50 a tonne, down £2.50 on the week.

At the London Futures and Options Exchange, the cocoa market, after devoting a few days to consolidation, resumed its recent uptrend. Helped by sterling's decline against the dollar and news of a bigger-than-expected 10.8 per cent rise in UK fourth quarter bean grindings (compared with the same period last year) the May delivery position ended £12 up on the week at £772 a tonne. The currency factor also boosted sterling coffee futures.

**Richard Mooney**

# APPOINTMENTS

## Tenuous tenure for Gunn?

Robert Gunn has just been appointed to a job which circumstances may prevent him from taking up. Legislation to establish the Further Education Funding Council should be passed shortly, but if Labour wins the election it may well be repealed. Gunn's tenure as chairman would therefore be rather short.

If set up, the FEFC will take over from local authorities a £2bn budget for financing the 563 further-education, tertiary and sixth-form colleges in England, which cater predominantly for the 16-19 age-range. It will also have responsibility for monitoring colleges' financial planning and performance – likely to be an onerous undertaking, given their financial inexperience.

Gunn, 65, spent 39 years with Boots. As chairman for the five years until July 1990, he was responsible for the spending-spree which brought to the retail chain car-parts and do-it-yourself companies, among others. Given the state of many further education colleges, this background would seem pertinent. To be fair, though, Gunn is no stranger to the education debate having done a stint on the Polytechnics Funding Council (PCFC).

However, with only a day or so a week to give to the FEFC, Gunn will be heavily dependent on the chief executive, William Stubbs, also appointed yesterday. Stubbs moves sideways from the PCFC, where he is widely credited as a force behind the polytechnics' rapid expansion in the past four years.

"We need to create a national system for 16-to-19 education which ranks with the best in the world," says Stubbs – not exactly a modest strategy.

■ Peter Kelsey is to succeed Brian Gladwin as managing director of ROYAL LIFE ESTATES, the largest UK estate agency network. He was previously director and general manager of Dart Oil company, Esso Petroleum's direct retailing subsidiary.

His mission at Royal Life Estates is to try to push the group back into the black after several years of loss-making. Last year Royal Life Estates lost £8m.

Some of his team are already in place. Last October Ron Way was brought in as finance director for the agency network.

Tough new financial controls are already being put in place and new marketing activities are planned to enable the group to take advantage of any market upturn.

■ The UK Machine Tool Technologies Association has appointed Simon Brown director general with immediate effect, filling a gap left since the resignation last July of John Nosworthy.

Brown, 41, is currently the association's administration manager and company secretary, and had been co-ordinating the trade association's day-to-day activities since July.

The appointment underlines the association's desire for continuity at a difficult time for the UK machine tool industry by appointing someone who "knows the ropes" rather than a high-profile outsider. Brown joined the MTTA as company secretary two years ago, and has spent 20 years in accountancy, exhibition and trade association activities.

## Entertaining synergies

The Tussauds Group, which owns and operates not just the London waxworks but a range of other attractions from Warwick Castle to Alton Towers, has appointed Michael Jolly to the newly created post of chief operating officer.

A marketing man who spent 11 years at Cadbury-Schweppes before moving to Tussauds in 1983, the 39-year-old Jolly has recently returned from three months at Harvard on the advanced management programme. He says he is now "going through the mental processes of deciding which parts of what I learnt are applicable [to Tussauds]."

The point of having a chief operating officer, according to Jolly, is to make more effective use of potential synergies within the group – from sharing management expertise to co-ordinating an approach to large suppliers such as Coca-Cola and Kodak.

In a month when Windsor Safari Park called in the receivers, Jolly contends that Tussauds, while far from untouched by the recession, is faring "rather better than some".

The group, which is owned by Pearson, is keen to grow outside the UK - beyond its one Madame Tussaud Scenerama in Amsterdam. Consequently, Ray Barratt becomes development director, also formally a new post, although he had previously been an executive director responsible among other things for development.

## Reshuffle at Salomon

SALOMON BROTHERS, the US investment house suffering from a wave of defections among staff unhappy about their bonuses, yesterday announced two promotions.

Gary Wolens becomes head of equity sales for Europe, replacing Peter Clarke who resigned on Thursday. Wolens is currently a managing director responsible for fixed income and equity derivatives distribution in Europe and the Middle East.

Salomon says his appointment underscores its intentions of staying in and developing the European equities business. After making another senior member of staff on the equity side redundant, the firm was anxious to fill Clarke's position speedily - to deflect doubts about its commitment to that area.

Meanwhile Kermit Schoenholtz returns from Tokyo, where he is currently a director and international economist, to become manager of the economic and market analysis group in London, stepping into John Lipsky's shoes. Lipsky has moved to New York to replace Henry Kaufman, who stepped down as chief economist in 1988.

He will also be Salomon's senior German analyst, bringing the team up to strength since the departure of Thomas Mayer who left shortly after the US treasury bond-rigging scandal broke.

As a result of that crisis last summer, Salomon was forced to reorganise senior management, leaving some lingering unhappiness, but other colleagues have left over compensation. Last year's bonuses were lower than in 1990, and the framework for 1992 compensations is currently being set – for the first time at the beginning rather than the end of the year.

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

## AUTHORISED UNIT TRUSTS

[illegible]

### Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

[illegible]

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

### Sovereign Unit Tst Mngrs Ltd (1000)F
22 Christchurch Rd, Bournemouth 0202 298422

| | Init Chge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Cash | 1 | 50.26 | 50.26 | 50.70 | +0.01 | 10.6 |
| Cardiff Finance | 5¼ | 49.09 | 49.40 | 52.69 | +0.33 | 9.28 |
| Ethical | 5¼ | 47.95 | 48.25 | 51.65 | +0.86 | 4.92 |
| European Growth | 5¼ | 47.74 | 47.93 | 51.22 | -0.03 | 3.0 |
| Income | 5¼ | 45.92 | 46.48 | 49.58 | +0.98 | 7.98 |
| Intl Growth | 5¼ | 66.05 | 66.16 | 70.57 | +0.28 | 3.18 |
| Managed | 5¼ | 58.61 | 59.16 | 63.10 | +0.71 | 4.45 |
| UK Growth | 5¼ | 50.36 | 50.94 | 54.34 | +1.13 | 5.76 |

### Standard Chartered Equitor (1200)F
69 Old Broad Street, EC2M 1QS 071-280 6521

| | | | | | | |
|---|---|---|---|---|---|---|
| Mngd Exempt Acc | 5 | 196.2 | 198.3xd | 206.5 | +8.9 | 5.04 |
| Do Income | 5 | 183.6 | 185.5xd | 193.2 | +8.8 | 5.04 |

### Standard Life Tst Mngmt Ltd (0629)H
3 George St, Edinburgh EH2 2XZ 0800 393777

| | | | | | | |
|---|---|---|---|---|---|---|
| Managed Acc | 5¼ | 36.00 | 36.00 | 38.25 | +0.1 | 2.49 |
| UK Equity Gth Acc | 5¼ | 48.62 | 49.57 | 52.67 | +0.2 | 2.19 |
| UK Eq High Inc Inc | 5¼ | 28.75 | 29.43 | 31.27 | +0.7 | 6.83 |
| UK Eq High Inc Acc | 5¼ | 32.33 | 33.09 | 35.16 | +0.8 | 6.83 |
| UK Equity Gen Acc | 5¼ | 45.82 | 46.58 | 49.50 | +0.2 | 3.44 |
| UK Equity Gen Inc | 5¼ | 36.85 | 36.46 | 38.74 | +0.2 | 3.44 |
| UK Larger Cos Acc F | 7¼ | 300.2 | 304.3 | 330.2 | +1.7 | 4.76 |
| UK Larger Cos Inc F | 7¼ | 241.7 | 245.0 | 265.9 | +1.4 | 4.76 |
| Gilt & Fxd Int Inc | 5¼ | 28.12 | 28.19 | 29.82 | +0.1 | 7.61 |
| Fixed Int Cos Acc F | 7¼ | 215.2 | 219.4 | 238.1 | +0.7 | 2.08 |
| Nth American Acc | 5¼ | 37.28 | 37.46 | 39.81 | -0.2 | 0.57 |
| Far East Acc | 5¼ | 39.88 | 40.89 | 43.45 | +0.3 | - |
| European Acc | 5¼ | 34.79 | 36.55 | 38.84 | +0.1 | 1.59 |

### Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

| | | | | | | |
|---|---|---|---|---|---|---|
| American ▼ | 5 | 304.7 | 309.7 | 331.0 | -3.0 | 0.70 |
| (Accum Units) ▼ | 5 | 364.5 | 364.5 | 389.6 | -4.5 | 0.70 |
| British | 5 | 799.2 | 812.2 | 859.3 | +9.1 | 4.04 |
| (Accum Units) | 5 | 1313.1 | 1334.4 | 1411.8 | +14.9 | 4.04 |
| European | 5 | 322.2 | 322.2 | 341.8 | -1.1 | 1.47 |
| (Accum Units) | 5 | 349.3 | 349.3 | 370.5 | -1.2 | 1.47 |
| Japan | 5 | 108.0 | 108.0 | 115.0 | -0.9 | - |
| (Accum Units) | 5 | 108.9 | 108.9 | 115.9 | -0.9 | - |
| New Pacific | 5 | 181.6 | 181.6 | 193.7 | +0.7 | 1.78 |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Funds in Court*** | | | | |
| Capital Jan 16 | 895.45 | 899.12 | --- | 2.85 |
| Gross Jan 16 | 170.31 | 171.68 | --- | 11.36 |
| High Yield Jan 16 | 280.23 | 282.47 | --- | 7.79 |

* Restricted to monies under Court control

| | | | | |
|---|---|---|---|---|
| **Henderson Unit Trust Management Ltd** | | | | |
| Pension Mngd | 53.29 | 54.39 | +0.22 | 4.16 |
| **INVESCO MIM Management Ltd** | | | | |
| Exempt Funds | | | | |
| Intl Mngd P'Folio | 1195.0 | 1270.0 | --- | - |
| Mngd Pens (Acc) | 64.8 | 69.1 | --- | - |
| **Lazard Brothers & Co. Ltd** | | | | |
| Property Sept 5 | 2440.0 | 2680.0 | --- | 7.00 |
| Int Gth Prp Jul 31 | [illegible] | [illegible] | --- | [illegible] |
| **Lazard Investors Ltd ‡‡** | | | | |
| Exempt Funds | | | | |
| Small Co's Jan 15 | 3798.9 | 3926.3 | --- | 4.01 |
| European Jan 15 | 566.2 | 572.5 | --- | 1.98 |
| American Jan 15 | 368.1 | 371.6 | --- | 2.19 |
| Japan Jan 15 | 475.1 | 480.6 | --- | 1.35 |
| Pacific Jan 15 | 139.6 | 143.5 | --- | 1.95 |
| W Midlands Sep 30 | 136.50 | 152.90 | --- | 2.40 |
| **Local Authorities Mutual Invest. Tst.*** | | | | |
| 2 Fore Street, London EC2Y 5AQ 071-588 1815 | | | | |
| Property Dec 31 | 196.75 | 200.75 | --- | 7.88 |
| Equity Dec 31 | 845.45 | 857.30 | --- | 3.99 |

* Available only to Local Authorities

| | | | | |
|---|---|---|---|---|
| **M & G Securities Ltd** | | | | |
| Charifund Jan 16 | | 305.32 | +0.3 | 10.24 |
| (Accum Units) | | 621.49 | +1.9 | 10.24 |
| NAACIF Jan 14 | | 40.27 | --- | 9.75 |
| **Morgan Grenfell Investment Funds Ltd** | | | | |
| Exempt Funds | | | | |
| UK Equity † Jan 14 | 125.5 | 132.7 | --- | 2.04 |
| UK Small Co † Jan 14 | 505.3 | 540.2 | --- | 3.44 |

# INSURANCES

# OTHER UK UNIT TRUSTS

Continued on next page

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128

| | Bid Price | Offer Price | + or – | Yield Gross |
|---|---|---|---|---|
| **N & P Life Assurance Ltd** | | | | |
| 6-7 Bedford Row, London, WC1R 4UJ 071-430 2348 | | | | |
| Life Managed Fd | 110.0 | 115.8 | ---- | – |
| Pension Managed Fd | 109.3 | 115.0 | ---- | – |
| Life Deposit Fd | 111.9 | 117.0 | ---- | – |
| Pension Deposit Fd | 119.2 | 125.5 | ---- | – |
| For National Fin see Target Life | | | | |
| **National Mutual Life** | | | | |
| The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422 | | | | |
| Harvester Pension Funds | | | | |
| Managed | 170.3 | 179.3 | ---- | – |
| UK Equity | 178.3 | 187.7 | ---- | – |
| Overseas Equity | 137.6 | 144.9 | ---- | – |
| Fixed Interest | 159.0 | 167.4 | ---- | – |
| Property | 127.3 | 134.1 | ---- | – |
| Index Linked | 153.3 | 161.4 | ---- | – |
| Deposit | 166.5 | 175.3 | ---- | – |
| With Profits (B) | 136.2 | 143.5 | ---- | – |
| **National Provident Institution** | | | | |
| 48 Gracechurch St, London EC3P 3HH 071-623 4200 | | | | |
| Managed | 358.5 | 377.4 | +1.5 | – |
| UK Equity | 448.4 | 472.1 | +3.8 | – |
| Overseas Eq | 345.6 | 363.8 | -1.7 | – |
| Americas | 309.4 | 325.7 | +1.1 | – |
| Far East | 351.1 | 369.6 | -1.1 | – |
| Property | 194.6 | 204.9 | +0.5 | – |
| Fixed Int | 278.6 | 293.3 | +1.0 | – |
| Indexed Gilt | 163.4 | 172.1 | +0.4 | – |
| Deposit | 190.2 | 200.3 | +0.1 | – |
| With Profit | 106.6 | 112.2 | ---- | – |
| Pension Fund (Accum Units) | | | | |
| Managed | 518.7 | 546.1 | +2.1 | – |
| UK Equity | 601.0 | 632.7 | (z) | – |
| Overseas Eq | 588.2 | 619.2 | -1.6 | – |
| Americas | 401.9 | 423.1 | -1.6 | – |
| Far East | 582.4 | 613.1 | -2.5 | – |
| Property | 249.4 | 262.6 | +0.7 | – |
| Fixed Int | 348.8 | 367.2 | +1.8 | – |

| | Bid Price | Offer Price | + or – | Yield Gross |
|---|---|---|---|---|
| **Providence Capitol Life Assc. Co Ltd** | | | | |
| 2 Bartley Way, Hook, Hants RG27 9XA 0256 768888 | | | | |
| UK Equity Acc | 220.7 | 232.9 | +2.3 | – |
| UK Fixed Int Acc | 196.9 | 207.8 | +0.4 | – |
| Intl Equities Acc | 179.3 | 189.2 | +1.0 | – |
| UK Managed Acc | 174.2 | 183.7 | +1.6 | – |
| Property Acc | 225.6 | 238.0 | ---- | – |
| Money Acc | 135.1 | 142.6 | ---- | – |
| Special Market Acc | 159.3 | 168.1 | +1.8 | – |
| Japan Equity Acc | 92.3 | 97.4 | -0.7 | – |
| North American Acc | 113.6 | 119.9 | +0.5 | – |
| Pacific Acc | 94.8 | 100.0 | +0.6 | – |
| Technology Acc | 142.2 | 150.0 | +0.8 | – |
| Nat Resources Acc | 59.1 | 62.4 | +2.6 | – |
| European Acc | 102.2 | 107.9 | -0.3 | – |
| Residential Prop Acc | 85.0 | 89.7 | ---- | – |
| [illegible] Acc | 33.9 | 35.8 | ---- | – |
| Hong Kong Acc | 72.6 | 76.6 | +0.8 | – |
| UK High Inc Eq Acc | 71.0 | 74.9 | +1.2 | – |
| Int Fixed Interest Acc | 62.2 | 65.7 | ---- | – |
| Int Managed Acc | 58.0 | 61.1 | +0.2 | – |
| HIP Managed Acc | 119.4 | 125.9 | +1.7 | – |
| HIP Managed II Acc | 105.2 | 110.9 | +1.4 | – |
| HIP Managed III Acc | 112.9 | 119.0 | +0.7 | – |
| Total Investment Bond | | | | |
| UK Equity Initial | | 149.4 | +1.4 | – |
| UK Fixed Int Initial | | 133.6 | +0.3 | – |
| Intl Equities Initial | | 120.7 | +0.6 | – |
| UK Managed Initial | | 118.1 | +1.0 | – |
| Property Initial | | 154.1 | ---- | – |
| Money Initial | | 92.1 | ---- | – |
| Special Market Initial | | 121.0 | +1.3 | – |
| Japan Equity Initial | | 71.3 | -0.6 | – |
| North American Initial | | 87.9 | +0.4 | – |
| Pacific Initial | | 73.2 | +0.4 | – |
| Technology Initial | | 109.8 | +0.5 | – |
| Nat Resources Initial | | 45.6 | +1.8 | – |
| European Initial | | 91.3 | -0.2 | – |
| Residential Prop Init | | 80.6 | ---- | – |
| Swiss Equities Initial | | 32.3 | ---- | – |
| Hong Kong Initial | | 69.1 | +0.8 | – |
| UK High Inc Eq Init | | 67.4 | +1.0 | – |

| | Bid Price | Offer Price | + or – | Yield Gross |
|---|---|---|---|---|
| **Eurolife Assurance Group** | | | | |
| Eurolife Hse, 16 St John St, EC1M 4AY 071-454 1151 | | | | |
| Eurobond Fd | | 191.6 | ---- | – |
| [illegible] Fd | | 187.2 | ---- | – |
| [illegible] Fund | | 129.0 | ---- | – |

| | Bid Price | Offer Price | + or – | Yield Gross |
|---|---|---|---|---|
| **Knight Williams & Company Ltd—Contd.** | | | | |
| KW Prolific (dist) | 107.9 | 113.6 | +0.3 | – |
| KW Prolific (ag) | 104.2 | 109.7 | +0.2 | – |
| KW Prolific (cap) | 90.2 | 95.0 | +0.1 | – |
| KW Global Inc & Gth | 112.0 | 117.8 | +0.2 | – |
| KW Offshore Portfolio | | 86.7 | +2.4 | – |
| **Macartney & Dowie Invest Mngt Plc** | | | | |
| 49 Castle Green Rd, Brentwood, Essex 0277 374036 | | | | |
| Mngd Fund (SK) | 130.7 | 137.9 | +0.6 | – |

## OFFSHORE AND OVERSEAS

### BERMUDA (SIB RECOGNISED)

### CANADA (SIB RECOGNISED)

### GUERNSEY (SIB RECOGNISED)

### GUERNSEY (REGULATED)

### IRELAND (SIB RECOGNISED)

### IRELAND (REGULATED)

## OFFSHORE INSURANCES

## MANAGEMENT SERVICES

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Baring International Fd Mngrs (Ireland) Ltd

Federated International Funds Plc

## ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)F

## ISLE OF MAN (REGULATED)(**)

## JERSEY (SIB RECOGNISED)

TSB Trust Funds – Contd.

## JERSEY (REGULATED)(**)

Barclays Intl Funds

Cater Allen Investment Management (CI)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

# WORLD STOCK MARKETS

## US MARKETS (3:00 pm)

## CANADA (3:00 pm)

## INDICES

### NEW YORK

| DOW JONES | Jan 16 | Jan 15 | Jan 14 | Jan 13 | 1991/92 HIGH | 1991/92 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ♦Industrials | 3249.55 | 3258.50 | 3246.20 | 3185.60 | 3258.50 (15/1/92) | 2470.30 (9/1/91) | 3258.50 (15/1/92) | 41.22 (2/7/32) |
| Home Bonds | 99.37 | 99.41 | 99.27 | 99.23 | 99.47 (9/1/92) | 91.30 (16/1/91) | 99.47 (9/1/92) | 54.99 (1/10/81) |
| Transport | 1445.81 | 1431.43 | 1387.33 | 1364.16 | 1445.81 (16/1/92) | 894.30 (7/1/91) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 211.94 | 214.07 | 215.32 | 213.51 | 225.59 (3/1/92) | 195.17 (10/7/91) | 236.23 (2/1/90) | 10.50 (8/4/32) |

♦Day's High 3289.13 (3299.19) Low 3200.80 (3207.74)

### STANDARD AND POOR'S

| | Jan 16 | Jan 15 | Jan 14 | Jan 13 | 1991/92 HIGH | 1991/92 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 418.21 | 420.77 | 420.44 | 414.34 | 420.77 (15/1/92) | 311.49 (9/1/91) | 420.77 (15/1/92) | 4.40 (1/6/32) |
| Industrials | 496.70 | 499.27 | 498.70 | 491.69 | 499.27 (15/1/92) | 364.90 (9/1/91) | 499.27 (15/1/92) | 3.62 (21/6/32) |
| Financial | 34.89 | 35.14 | 34.85 | 34.03 | 35.14 (15/1/92) | 21.96 (9/1/91) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 230.55 | 231.85 | 231.57 | 228.47 | 231.85 (15/1/92) | 170.97 (9/1/91) | 231.85 (15/1/92) | 4.46 (25/4/42) |
| Amex Mkt. Value | 413.77 | 414.30 | 412.63 | 407.89 | 414.30 (15/1/92) | 296.72 (14/1/91) | 414.30 (15/1/92) | 29.31 (9/12/72) |
| NASDAQ Composite | 627.34 | 630.82 | 625.75 | 617.63 | 630.82 (15/1/92) | 355.75 (14/1/91) | 630.82 (15/1/92) | 54.87 (31/10/72) |

| | Jan 10 | Jan 3 | Dec 27 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 2.89 | 2.90 | 2.99 | 4.13 |

| | Jan 15 | Jan 8 | Dec 31 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 2.52 | 2.54 | 2.55 | 3.31 |
| S & P Indl. P/E ratio | 25.76 | 25.51 | 25.35 | 15.92 |

### NEW YORK ACTIVE STOCKS

| Thursday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Exxon | 9,440,500 | 30¼ | - 2 |
| Citicorp | 6,696,600 | 14⅞ | - ¼ |
| Gen Motors | 4,194,900 | 34 | + 1⅞ |
| RJ Nabisco | 3,581,300 | 11¼ | - ¼ |
| Telefonos | 3,253,400 | 51⅛ | + 1 |
| Unisys | 3,200,300 | 5½ | + ¼ |
| Ph Morris | 3,151,900 | 76¼ | - 1⅛ |
| Fannie Mae | 3,051,600 | 64¼ | - 3⅛ |
| Adv Micro | 2,727,300 | 17¾ | - 1⅞ |
| Navistar | 2,656,700 | 3⅞ | + ¼ |

### TRADING ACTIVITY

| † Volume (Millions) | Jan 16 | Jan 15 | Jan 14 |
|---|---|---|---|
| New York SE | 330.891 | 306.315 | 260.489 |
| Amex | 25.531 | 25.237 | 27.905 |
| NASDAQ | (u) | 293.277 | 268.058 |
| **NYSE** | | | |
| Issues Traded | 2,224 | 2,213 | 2,206 |
| Rises | 925 | 1,140 | 1,259 |
| Falls | 894 | 663 | 512 |
| Unchanged | 405 | 410 | 435 |
| New Highs | 210 | 245 | 383 |
| New Lows | 3 | 5 | 7 |

### CANADA

| TORONTO | Jan 16 | Jan 15 | Jan 14 | Jan 13 | 1991/92 HIGH | 1991/92 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 3238.87 | 3131.15 | 3039.41 | 2972.56 | 3299.99 (18/7/91) | 2632.06 (9/1/91) |
| Composite | 3666.0 | 3656.70 | 3635.00 | 3594.40 | 3666.00 (16/1/92) | 3161.95 (15/1/91) |
| MONTREAL Portfolio | 1937.59 | 1934.10 | 1924.41 | 1903.86 | 1937.59 (16/1/92) | 1686.89 (9/1/91) |

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

| | Jan 17 | Jan 16 | Jan 15 | Jan 14 | 1991/92 HIGH | 1991/92 LOW |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ordinaries (1/1/80) | 1673.5 | 1673.5 | 1675.6 | 1651.7 | 1696.3 (8/11/91) | 1284.5 (14/1/91) |
| All Mining (1/1/80) | 702.8 | 697.8 | 694.8 | 685.8 | 787.2 (24/7/91) | 561.6 (16/1/91) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 405.72 | 400.72 | 407.47 | 393.80 | 534.81 (16/4/91) | 372.28 (2/1/92) |
| **BELGIUM** | | | | | | |
| BEL20 (1/1/91) | 1156.30 | 1148.92 | 1149.21 | 1134.86 | 1212.15 (17/4/91) | 917.59 (17/1/91) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 361.86 | 362.95 | 365.29 | 362.20 | 398.84 (29/8/91) | 302.25 (8/1/91) |
| **FINLAND** | | | | | | |
| HEX General (28/12/90) | 885.1 | 891.5 | 877.2 | 882.9 | 1186.9 (6/9/91) | 765.2 (23/12/91) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 508.01 | 503.01 | 502.86 | 498.71 | 583.51 (15/11/91) | 394.88 (15/1/91) |
| CAC 40 (31/12/87) | 1859.95 | 1866.19 | 1873.63 | 1843.81 | 1887.29 (1/10/91) | 1425.26 (15/1/91) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 678.64 | 676.81 | 672.67 | 658.53 | 717.43 (17/6/91) | 578.40 (15/1/91) |
| Commerzbank (1/12/53) | 1918.10 | 1907.40 | 1900.8 | 1859.4 | 2038.2 (31/5/91) | 1612.5 (15/1/91) |
| DAX (30/12/87) | 1670.99 | 1666.34 | 1667.50 | 1628.53 | 1715.80 (11/6/91) | 1311.82 (16/1/91) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 4454.89 | 4412.14 | 4382.66 | 4367.61 | 4454.89 (17/1/92) | 2984.01 (14/1/91) |
| **IRELAND** | | | | | | |
| ISEQ Overall (4/1/88) | 1409.57 | 1406.68 | 1425.65 | 1402.58 | 1528.65 (25/3/91) | 1114.86 (25/1/91) |
| **ITALY** | | | | | | |
| Banca Com. Ital. (1972) | 548.11 | 551.85 | 547.46 | 537.91 | 619.38 (3/4/91) | 482.89 (10/12/91) |
| **JAPAN** | | | | | | |
| Nikkei (16/5/49) | 21321.37 | 21612.19 | (c) | 21775.13 | 27146.91 (18/3/91) | 21321.37 (17/1/92) |
| Tokyo SE (Topix) (4/1/68) | 1600.26 | 1618.35 | (c) | 1621.40 | 2028.85 (18/3/91) | 1600.26 (17/1/92) |
| 2nd Section (4/1/68) | 2339.83 | 2360.54 | (c) | 2349.52 | 3423.45 (10/5/91) | 2339.83 (17/1/92) |
| **MALAYSIA** | | | | | | |
| KLSE Composite (4/4/86) | 599.65 | 589.23 | 552.26 | 546.63 | 635.82 (29/5/91) | 478.41 (14/1/91) |
| **NETHERLANDS** | | | | | | |
| CBS TtlRtn Gen (End 1983) | 287.1 | 285.9 | 285.0 | 279.7 | 287.1 (17/1/92) | 221.4 (14/1/91) |
| CBS All Shr (End 1983) | 201.6 | 200.8 | 200.9 | 196.5 | 203.1 (5/8/91) | 162.3 (14/1/91) |
| **NORWAY** | | | | | | |
| Oslo SE (Ind) (2/1/83) | 748.03 | 730.12 | 722.74 | 706.29 | 793.53 (28/8/91) | 595.77 (9/12/91) |
| **PHILIPPINES** | | | | | | |
| Manila Comp (2/1/85) | 1303.30 | 1276.79 | 1260.98 | 1236.66 | 1385.30 (17/1/92) | 982.64 (10/1/91) |
| **SINGAPORE** | | | | | | |
| SES All-Singapore (2/4/75) | 416.49 | 416.85 | 412.10 | 409.63 | 422.43 (26/4/91) | 315.07 (14/1/91) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | 1324.0 | 1276.0 | 1298.0 | 1252.0 | 1409.0 (5/7/91) | 971.0 (25/2/91) |
| JSE Industrial (28/9/78) | 4512.0 | 4486.0 | 4535.0 | 4454.0 | 4535.0 (15/1/92) | 2829.0 (14/1/91) |
| **SOUTH KOREA**** | | | | | | |
| Korea Comp Ex. (4/1/80) | 616.72 | 618.19 | 601.63 | 616.12 | 763.10 (4/9/91) | 586.51 (23/12/91) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 253.92 | 256.60 | 258.58 | 253.51 | 289.23 (8/3/91) | 213.20 (14/1/91) |
| **SWEDEN** | | | | | | |
| Affarsvariden Gen. (1/2/37) | 982.28 | 980.40 | 974.7 | 958.6 | 1149.0 (11/7/91) | 888.4 (8/1/91) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 769.7 | 775.0 | 779.8 | 766.2 | 779.8 (15/1/92) | 590.4 (14/1/91) |
| SBC General (1/4/87) | 625.0 | 628.0 | 627.4 | 616.2 | 638.0 (31/5/91) | 487.1 (14/1/91) |
| **TAIWAN**** | | | | | | |
| Weighted Price (30/6/66) | 5045.94 | 5022.96 | 4939.87 | 4907.16 | 6305.22 (9/5/91) | 3316.26 (15/1/91) |
| **THAILAND** | | | | | | |
| Bangkok SET (30/4/75) | 770.83 | 750.33 | 742.99 | 732.10 | 908.13 (9/9/91) | 582.40 (14/1/91) |
| **WORLD** | | | | | | |
| M.S. Capital Intl.(1/1/70) ($) | 520.7* | 523.5 | 522.4 | 526.6 | 542.1 (3/1/92) | 459.1 (16/1/91) |

** Saturday January 11: Taiwan Weighted Price: 4836.82; Korea Comp Ex. 617.92.
# Subject to official recalculation.
*Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrial – 264.3 and Australia, All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

# IBM share price recovery aids Dow rally

## Wall Street

US stocks were in mixed form yesterday morning, although a recovery in IBM's share price after a disappointing set of quarterly profits helped the Dow Jones Industrial Average stage a modest rally, *writes Patrick Harverson in New York.*

By 1 pm the Dow was up 8.50 at 3,258.05. The more broadly based Standard & Poor's 500 was weaker in midsession, down 0.65 at 417.56 at 1 pm, while the Nasdaq composite of over-the-counter stocks slipped 0.17 to 627.17. NYSE turnover was lower than recent days at 166m shares.

There were a few titbits of fresh economic news to give the market direction. The announcement of a 0.2 per cent reduction in December industrial production, and of a decline in the University of Michigan's consumer sentiment index for early January injected a sour note at the end of what was generally a positive week for stocks. The market, however, was able to draw some comfort from a rise in bond prices, which prompted a much-needed reduction in long-term interest rates.

Most eyes were on IBM, which announced a fourth quarter loss of $1.38bn after taking a slightly bigger-than-expected charge of $3.4bn to cover restructuring costs. The stock fell more than $2 on the release of the figures, which were deemed by analysts to be disappointing, but later recovered to stand $1⅛ higher at $96⅝ in early afternoon trading as investors reacted positively to upbeat comments from IBM management in a conference with analysts.

Other big computer stocks were mixed in the wake of IBM's results. Compaq rose $1⅜ to $34⅝, Digital Equipment fell $1 to $53⅜, Hewlett-Packard slipped $⅝ to $62⅛, Unisys held firm at $5½ and Motorola fell $⅛ to $78⅝.

Reebok climbed $1⅞ to $31⅞ on earnings in line with market estimates. Reebok had been heavily sold on Thursday in anticipation of poor results.

Citicorp ran into profit-taking for the second day running, dropping $¼ to $14⅝ in turnover of 2.3m shares. The stock has enjoyed a remarkable ride in recent days, buoyed up by heavy demand from investors who believe the worst may be over for the troubled banking group. Since Thursday, however, some investors have been taking profits on the assumption that Citicorp's rally may have stalled for now.

On the over-the-counter market, Apple jumped $4¼ to $67 on news of fiscal first quarter net income of $1.36 a share, up from $1.28 a share a year earlier.

## Canada

TORONTO carried through its early losses to remain slightly weaker at midday, as institutions took profits in some sectors and continued to shifting funds to cyclicals.

The TSE 300 composite index eased 3.3 to 3,662.7, advances leading declines by 259 to 219 in volume of 21.75m shares valued at C$302.64m. Banks and utilities again slipped, although the Bank of Montreal cut its prime rate from 8 to 7¾ per cent.

The financial services index fell 28.89 to 3029.25 with Royal Bank C$⅛ lower off at C$28⅛ in 641,880 shares. Industrial products were on of the better performing sectors with a rise of 13.34 to 2,101.65.

Among most active stocks Nova Corp rose C$⅛ to C$7⅞ in 658,323 shares.

# Johannesburg extends its three-year advance

**Philip Gawith** analyses the South African climb

The first few weeks of 1992 have seen the Johannesburg Stock Exchange (JSE) continue the onward march which has made it one of the best-performing stock markets in each of the last three years.

The all-share index closed at a new record of 3,713 on Wednesday, a rise of 8.9 per cent since December 23, and 39 per cent higher than a year ago. The financial and industrial index, which has made most of the running over the past year, closed at 5,016, 9.7 per cent up on December 23, and 54.5 per cent higher than a year previously. Although the market has weakened slightly over the past two days, the gains remain mostly intact.

Analysts agree that the main explanation for the JSE's strong advance in recent weeks lies in the strong performance of world stock markets, particularly Wall Street following the pre-Christmas cut in the discount rate by the Federal Reserve. The JSE closely tracks the Dow Jones Industrial Average.

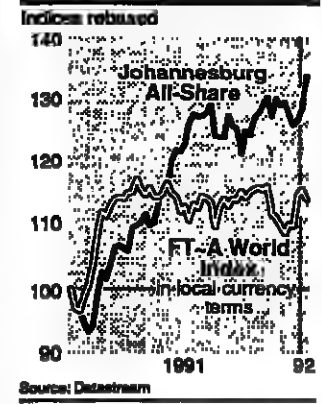
The JSE has also been boosted by the unexpected firmness in the gold bullion price which is trading at about $356 per ounce. This fed over into the prices of gold shares, with the All Gold index rising by 12.8 per cent from December 28 to close at 1,324 on Friday. The index is close to its year-ago level but is still a long way from the 2,250 reached in early 1990.

Mr Paul Beachy Head, general manager for investments at the Southern Life insurance company, says the view that share prices rarely fall when interest rates are on the decline is the cause of positive sentiment in the market. Local brokers, who hold this view about the US market, believe it also applies in South Africa. Although the bank rate has not been cut for nearly a year, there is unanimity that a cut in rates will come within the next few months. This view received further support earlier this week from the news that producer price inflation had fallen to 7.9 per cent in November, the lowest level in eight years. Money market rates on short-term paper have also come off quite sharply in recent months.

Mr Beachy Head also believes that the JSE is enjoying a political re-rating. "Political developments continue to be perceived as favourable and hence the risk premium demanded on shares is seen to be declining."

Although JSE industrial shares were considered to be in expensive territory even before the latest increases, Mr Beachy Head does not consider valuations to be "frothy". He said he would not rule out a speculative bubble developing on the JSE over the next few years, similar to 1969 when the market's price/earnings ratio reached 25 (the overall index is currently on a multiple of 13.3).

Indices rebased




Source: Datastream

Whether this bubble appears or not, it is already the case that the JSE is discounting earnings prospects further ahead than used to be the case. Mr Roy McAlpine, fund manager at the Liberty Life insurance company, expresses the popular view when he says he is not expecting earnings from industrial companies to improve in 10992. "Company profits are going to be under enormous pressure this year. In many cases earnings will be flat or down. Off this base, the possibility for a further favourable re-rating is very limited."

He also points out that South Africa cannot kick-start its economy on its own. The economy has a strong export orientation, so growth will remain slow until world economies pick up. For this reason, Mr McAlpine is doubtful whether, this year, mining counters will experience the sort of price increases which industrial stocks have been enjoying. "Activity will only happen if you get favourable price movements in the underlying metal."

Few analysts are predicting significant price rises for South Africa's large commodity exports like gold, platinum and ferrochrome. Mining houses, however, have already enjoyed a considerable upward re-rating over the past year. The bellwether stock here, Anglo American, traded this week at R131.75, 57 per cent up on its 1991 low of R84.

Although sceptical of the extent to which economic fundamentals justify the market's optimism, Mr McAlpine points out that cash or gilts have been very poor alternatives to equities over the past 25 years, and there seems little reason to expect a change in the near future. This is the familiar "hothouse" effect on the JSE, whereby exchange control prevents institutions investing their enormous cash flows abroad, with few favourable alternatives to equities at home.

Mr Rob Lee of the Board of Executors, a local financial institution, argues that although the market is high by South African standards – the financial and industrial index is on a p/e of 14.7 – it can be justified if the country achieves its growth potential (3-5 per cent per annum growth in GDP) over the next three to four years. He does not, however, see the financial and industrial index repeating last year's re-rating until improved earnings start coming through, probably next year.

Despite the stock market's record-breaking advance, Mr Lee believes there is still value to be found. The good performance of the index reflects institutional buying of a limited number of blue chip stocks like Barlows, SAB, Richemont, Rembrandt and Anglo American. Second-tier stocks not included the index have not enjoyed similar upward re-ratings are likely to attract increasing attention from investors.

EUROPE

# Paribas falls 7.3% on profit downgradings

SECTOR rotation spread to a number of bourses yesterday, while Paris concentrated on individual stocks, *writes Our Markets Staff.*

**FT-SE Eurotrack 100 - Jan 17**

Hourly changes

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | close |
|---|---|---|---|---|---|---|---|
| 1137.58 | 1138.20 | 1137.19 | 1139.25 | 1138.75 | 1138.40† | 1136.74 | 1135.24 |

Day's High 1140.39 Day's Low 1134.23

| Jan 16 | Jan 15 | Jan 14 | Jan 13 | Jan 10 |
|---|---|---|---|---|
| 1131.02 | 1140.52 | 1112.87 | 1105.02 | 1105.40 |

Base value 1000 (26/10/90). † Indicative

PARIS ended flat, but its steady close masked some big movements. The CAC 40 index closed 0.24 lower at 1,859.95, for a 1.2 per cent rise on the week. Volume eased to FFr3bn from FFr3.2bn.

Paribas slumped FFr26 or 7.3 per cent to FFr330 on 172,33 shares on a wave of downgradings on 1991 net income, from previous forecasts of around FFr2.5bn to FFr1.5bn. The bank was reported to have told analysts at a meeting on Thursday that it would have to make heavy provisions for loans to Maxwell companies.

BSN rose FFr28 to FFr1,140 with 269,670 shares traded on speculation that the Agnelli family would increase its stake in the food giant. Similar talk drove Perrier up to FFr1,455 before it slipped back to close FFr8 higher at FFr1,396.

Early selling, following the company's statement late on Thursday that profits had fallen as much as 20 per cent in 1991, pushed Lyonnaise-Dumez as low as FFr428. But it bounced back to close FFr15.60 higher at FFr458 in 258,705 shares.

FRANKFURT negotiated expiry day for DTB options with equities still ahead, the DAX index closing 4.65 higher at 1,670.99 after a rise of 2.63 to 678.84 for the FAZ at midsession. Gains on the week were 3.4 and 4.0 per cent.

Volume rose from DM7.8bn to DM8.2bn. Strike threats were shrugged off as Bayernhypo and Bayernverein rose DM6 to DM405 and DM6.20 to DM427.20, and Hoesch and Thyssen by DM13.50 to DM255.50, and DM4.40 to DM221.80.

It remained a traders' market, rather than one for the fundamentalists. The point was demonstrated again in carmakers, where the oversold Volkswagen recovered another DM7.80 to DM334 while Daimler, highly regarded by most analysts, fell DM2.70 to DM748.50.

MILAN ran into some profit-taking at the end of a strong week dominated by domestic buying. The Comit index fell 2.92 to 548.11, up 3.1 per cent on the week. Volume was estimated at less than Thursday's heavy L176.3bn.

Pirelli continued its recovery ahead of its rights issue, closing L68 or 5.7 per cent higher at L1,270. The stock has jumped by 20.8 per cent this week.

Telecoms were mixed after parliament approved a major restructuring of the industry on Thursday night. Brokers said that the overhaul was expected to favour Stet, Italcable and Sirti, but it increased the chances of Sip having a rights issue. SIP fell L27 or 1.8 per cent to L1,498 while Stet added L13 to L2,284.

Insurers were depressed by indications that there would be no change in car insurance tariffs before 1992. Generali eased L435 to L30,365.

AMSTERDAM was swayed by the dollar's volatility. The CBS Tendency index rose 0.3 to 120.5, up 3.7 per cent on the week, in heavy turnover of Fl 1.14bn.

Philips rallied Fl 1.60 or 5.3 per cent to Fl 32.00 on reports of upgradings. It said on Thursday that it was closing a microchip plant in the US.

Shares in the brewer Grolsch were suspended at Thursday's closing price of Fl 185.00 ahead of news that it was negotiating to buy the British regional ale brewer, Ruddles, from Courage.

ZURICH talked of a recovery in cyclicals with Alusuisse, SFr28 higher at SFr937, also reflecting the revival in the aluminium price. Declines elsewhere included Von Roll, down SFr50 to SFr900 on a group loss for 1991. The all-share SPI index fell 2.2 to 1,104.05 on the day, but rose 1.5 per cent on the week.

MADRID steadied after an early fall but still ended with the general index 2.76 lower at 253.92, a fraction higher on the week. The index was weighed down by Telefonica, which fell Pta50 to Pta1,215 after it said that stockholders' equity and, to a lesser extent, future operating results could be affected by plans for new pension benefits.

BRUSSELS closed higher, the Bel-20 Index adding 7.58 to 1,156.50 for a 4.5 per cent rise on the week. Petrofina put on BFr25 to BFr10,975 on moderate volume of 7,860 shares.

STOCKHOLM's Affärsvärlden General index put in its third consecutive rise to close 1.8 higher at 982.2. A rise of SKr5 to SKr122 in Ericsson B could not offset the drop in Astra A of SKr22 to SKr550.

OSLO was lifted by Norsk Hydro which jumped NKr13, or 8.5 per cent to NKr166. The all-share index rose 8.92 to 464.24, up 8 per cent on the week.

ASIA PACIFIC

# Nikkei at lowest level since October 1990

## Tokyo

FUTURES-LINKED arbitrage and institutional selling prior to March book-closings pushed the Nikkei average to its lowest level in over a year yesterday amid continued low volume, *writes Neil Weinberg in Tokyo.*

The Nikkei closed down 290.82 at 21,321.37, the lowest close since October 1, 1990, and down 4.7 per cent on the week. The index posted a high of 21,660.29 and a low of 21,145.71 during the day. Volume came to 240m shares, against 244m on Thursday.

Declines led rises by 814 to 172 with 132 shares unchanged. All 36 sectoral indices declined while 182 issues reached their lowest levels since 1990. The Topix index of all first section shares fell 18.12 to 1,600.26 but, in London, the ISE/Nikkei 50 index rose 1.23 to 1,217.76.

The broadly-based decline was triggered early in the day as continued selling by trust funds and other financial institutions, combined with futures-related arbitrage to put pressure on shares, a pattern whichhas become familiar in recent days.

"The great fiscal year-end selling spree has started," said Mr Jesper Koll, economist at SG Warburg. "This is putting tremendous pressure on the market at a time when you can't find any interest in Tokyo equities."

Prices recovered briefly in the early afternoon on talk of a meeting between executives of the Big Four securities houses, Nomura, Daiwa, Nikko and Yamaichi, to discuss market support measures. Comments by Bank of Japan Governor Yasushi Mieno suggesting that interest rates might fall also lent some support.

At a conference yesterday, Mr Kenji Kobata, general manager at Nomura Securities, said that he expected the market to emerge from its slump in the second half of 1992.

Financials lost ground, with Nomura Securities off Y50 at Y1,510 and Sumitomo Bank down Y50 at Y1,880. Pharmaceuticals also fell, with Dainippon declining Y50 to Y1,240 and Daiichi by Y40 to Y1,530. Electricals managed some gains, with TDK up Y120 to Y4,350 and Toshiba by Y6 to Y686. Some speculative issues surged after a heavy sell-off the previous day, with Takuma rising Y30 to Y1,110.

In Osaka, the OSE average declined 227.87 to 22,779.84 in volume of 82.2m shares. Izumiya fell Y150 to Y1,750.

## Roundup

HEAVY volume featured in a number of rising markets yesterday.

HONG KONG scored its fourth successive all-time high, the Hang Seng index rising 42.75 to 4,454.89, up nearly 1 per cent on the day and 2.5 per cent on the week.

Turnover rose again, from HK$1.92bn to HK$2.3bn. The market was lifted by news of a trade accord between the US and China.

MANILA broke up through 1,300 as the composite index closed 26.51 higher at 1,303.30, its highest point since the coup attempt in December 1989, up 2.1 per cent on the day and 6.8 per cent on the week.

Turnover climbed from 98m to 172m pesos. Philippine Long Distance Telephone, which gained $1 in New York on Thursday to $37⅞, rose 40 pesos to 1,000.

BANGKOK saw heavy buying of finance and property issues which took turnover up to a second consecutive all-time high of Bt12.34bn, up from Bt8.59bn on Thursday. The SET index rose 12.50 to 770.83, 5.9 per cent higher on the week.

SEOUL majored in shares with low price-earnings ratios as the composite index closed 6.53 higher at 616.72, slightly lower on the week in turnover little changed at Won355.9bn. TAIWAN ended the week 5.5 per cent better with the weighted index up 22.98 to 5045.94, turnover rising from T$49.3bn to T$53.1bn. AUSTRALIA featured gains in oils and mining shares, but banks fell and the All Ordinaries index stood still at 1,673.5, up 0.3 per cent on the week in turnover down from A$287m to A$241m.

NEW ZEALAND fell in light profit taking following the strong gains in the previous two sessions, the NZSE-40 index losing 0.9 per cent on both the day and the week as it closed 12.84 lower at 1,504.93.

SINGAPORE saw bargain-hunting but finished mixed in active trading, the Straits Times Industrial index rising 3.46 to 1,532.51, up 3.0 per cent on the week. KUALA LUMPUR's composite index ended just 0.42 higher at 569.65 after profit-taking, but was 3.2 per cent higher on the week.

BOMBAY was lifted to its third record high this week by a surging steel sector, on news late on Thursday that the government was lifting its controls on steel prices and distribution. The BSE Index soared 113.29 or 5.7 per cent to close at 2,115.89, after an intraday peak of 2,118.15.

JAKARTA's index rose 1.44 to 251.25 on turnover of slightly more than 2m shares compared to 3.63m on Thursday. Brokers said that profit-taking dominated Friday's half-day trading, but some favourite shares gained a slight rise. Indah Kiat dropped 50 rupiah to 2,450, with over 200,000 shares traded. Argo Pantes fell 100 rupiah to 3,800.

The World Stock Market prices page in Monday's edition will show the highs and lows for 1992. From Tuesday, the page will also carry the 1992 highs and lows for the indices.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | THURSDAY JANUARY 16 1992 | | | | | | | | WEDNESDAY JANUARY 15 1992 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1991/92 High | 1991/92 Low | Year ago (approx) |
| Australia (69) | 149.67 | +0.0 | 125.54 | 120.90 | 125.44 | 133.31 | −0.3 | 4.15 | 149.08 | 125.83 | 120.96 | 125.68 | 133.72 | 160.31 | 112.74 | 115.40 |
| Austria (20) | 165.76 | +0.5 | 139.59 | 134.44 | 139.48 | 139.32 | +0.2 | 2.07 | 164.93 | 139.25 | 133.86 | 139.08 | 139.08 | 222.37 | 153.86 | 180.95 |
| Belgium (47) | 140.91 | +1.1 | 118.67 | 114.27 | 118.57 | 115.72 | +0.8 | 5.12 | 139.31 | 117.62 | 113.06 | 117.48 | 114.75 | 151.20 | 118.04 | 130.83 |
| Canada (115) | 141.66 | +0.6 | 119.29 | 114.88 | 119.19 | 118.42 | +0.5 | 3.11 | 140.77 | 118.85 | 114.25 | 118.70 | 117.88 | 144.28 | 126.49 | 127.74 |
| Denmark (37) | 260.42 | −1.0 | 219.31 | 211.20 | 219.13 | 222.70 | −1.0 | 1.61 | 262.96 | 222.02 | 213.43 | 221.75 | 224.87 | 273.94 | 217.74 | 236.00 |
| Finland (15) | 87.71 | +1.5 | 73.87 | 71.14 | 73.81 | 81.08 | +1.5 | 3.01 | 86.41 | 72.95 | 70.14 | 72.87 | 79.89 | 125.15 | 73.32 | 92.45 |
| France (109) | 148.49 | −0.3 | 125.05 | 120.42 | 124.94 | 128.52 | −0.5 | 3.45 | 148.90 | 125.72 | 120.84 | 125.55 | 129.22 | 152.33 | 119.11 | 132.46 |
| Germany (65) | 116.37 | +0.8 | 98.00 | 94.38 | 97.91 | 97.91 | +0.5 | 2.35 | 115.48 | 97.50 | 93.74 | 97.38 | 97.38 | 125.35 | 94.15 | 110.31 |
| Hong Kong (55) | 181.92 | +0.7 | 153.20 | 147.53 | 153.08 | 181.38 | +0.8 | 4.11 | 180.61 | 152.49 | 146.59 | 152.31 | 179.99 | 181.92 | 119.62 | 124.03 |
| Ireland (16) | 167.17 | +1.7 | 140.78 | 135.57 | 140.66 | 143.49 | +1.6 | 3.49 | 164.37 | 138.78 | 133.41 | 138.61 | 141.27 | 182.46 | 132.88 | 143.65 |
| Italy (77) | 78.00 | +0.7 | 65.69 | 63.26 | 65.63 | 71.07 | +0.5 | 3.24 | 77.45 | 65.39 | 62.86 | 65.31 | 70.71 | 88.23 | 64.76 | 77.64 |
| Japan (474) | 124.57 | −0.2 | 104.91 | 101.03 | 104.84 | 101.03 | −0.3 | 0.84 | 124.89 | 105.44 | 101.36 | 105.33 | 101.36 | 146.97 | 118.23 | 126.89 |
| Malaysia (68) | 221.77 | +3.3 | 186.76 | 179.85 | 186.60 | 231.33 | +2.9 | 2.83 | 214.74 | 181.31 | 174.29 | 181.08 | 224.71 | 247.78 | 189.18 | 199.97 |
| Mexico (18) | 1505.45 | +0.2 | 1267.80 | 1220.93 | 1266.77 | 5041.64 | +0.2 | 1.03 | 1502.17 | 1268.28 | 1219.22 | 1268.74 | 5030.65 | 1505.45 | 534.45 | 534.45 |
| Netherland (31) | 150.59 | +0.1 | 126.82 | 122.13 | 126.72 | 125.30 | −0.1 | 4.51 | 150.45 | 127.03 | 122.11 | 126.87 | 125.42 | 155.45 | 125.70 | 131.38 |
| New Zealand (14) | 47.22 | +1.8 | 39.77 | 38.30 | 39.74 | 46.40 | +1.4 | 5.92 | 46.48 | 39.25 | 37.73 | 39.20 | 45.78 | 54.64 | 41.18 | 41.85 |
| Norway (25) | 185.61 | +1.6 | 156.31 | 150.53 | 156.18 | 160.60 | +1.6 | 1.62 | 182.70 | 154.26 | 148.29 | 154.07 | 158.03 | 223.24 | 157.08 | 168.85 |
| Singapore (38) | 225.21 | +2.0 | 189.66 | 182.65 | 189.50 | 170.51 | +1.8 | 2.05 | 220.78 | 186.40 | 179.19 | 186.17 | 167.57 | 225.21 | 151.63 | 160.83 |
| South Africa (61) | [illegible] | −0.2 | 217.54 | 209.49 | 217.35 | 185.13 | −1.0 | 2.65 | 258.92 | 218.60 | 210.14 | 218.33 | 187.09 | 271.99 | 173.00 | 178.95 |
| Spain (52) | 153.87 | −1.0 | 129.58 | 124.79 | 129.47 | 119.95 | −0.8 | 4.61 | 155.49 | 131.28 | 126.21 | 131.12 | 120.92 | 171.12 | 131.51 | 144.30 |
| Sweden (25) | 181.88 | +1.5 | 153.17 | 147.51 | 153.05 | 158.93 | +1.5 | 2.81 | 179.13 | 151.24 | 145.39 | 151.08 | 156.52 | 204.12 | 146.60 | 162.99 |
| Switzerland (59) | 100.26 | −0.3 | 84.43 | 81.32 | 84.37 | 89.32 | −0.7 | 2.24 | 100.59 | 84.92 | 81.64 | 84.83 | 89.95 | 103.50 | 82.17 | 87.84 |
| United Kingdom (284) | 178.14 | +0.6 | 150.02 | 144.46 | 149.89 | 150.02 | +0.3 | 4.96 | 177.15 | 149.57 | 143.77 | 149.37 | 149.57 | 187.44 | 156.27 | 161.44 |
| USA (523) | 170.54 | −0.7 | 143.62 | 138.31 | 143.51 | 170.54 | −0.7 | 2.86 | 171.66 | 144.93 | 139.33 | 144.77 | 171.66 | 171.66 | 125.96 | 132.65 |
| Europe (814) | 144.74 | +0.3 | 121.89 | 117.39 | 121.80 | 122.46 | +0.1 | 3.93 | 144.25 | 121.79 | 117.08 | 121.65 | 122.33 | 151.52 | 125.50 | 132.53 |
| Nordic (102) | 183.20 | +0.4 | 154.28 | 148.59 | 154.16 | 152.79 | +0.4 | 2.12 | 182.53 | 154.11 | 148.15 | 153.93 | 152.23 | 200.81 | 155.55 | 167.77 |
| Pacific Basin (718) | 127.09 | −0.1 | 107.02 | 103.07 | 106.94 | 104.34 | −0.2 | 1.17 | 127.25 | 107.43 | 103.28 | 107.30 | 104.57 | 145.92 | 117.66 | 126.09 |
| Euro−Pacific (1532) | 134.44 | +0.1 | 113.21 | 109.02 | 113.12 | 112.30 | −0.1 | 2.36 | 134.34 | 113.42 | 109.02 | 113.35 | 112.38 | 147.86 | 121.29 | 129.05 |
| North America (638) | 168.69 | −0.6 | 142.06 | 136.82 | 141.96 | 166.99 | −0.6 | 2.87 | 169.69 | 143.27 | 137.74 | 143.12 | 168.00 | 169.69 | 125.91 | 132.26 |
| Europe Ex. UK (530) | 124.40 | +0.2 | 104.76 | 100.91 | 104.70 | 106.46 | +0.0 | 3.19 | 124.17 | 104.85 | 100.80 | 104.73 | 106.49 | 129.80 | 103.56 | 114.72 |
| Pacific Ex. Japan (244) | 151.90 | +0.9 | 127.92 | 123.21 | 127.83 | 137.46 | +0.7 | 3.86 | 150.56 | 127.11 | 122.21 | 126.97 | 136.52 | 153.19 | 111.40 | 114.90 |
| World Ex. US (1726) | 136.89 | +0.1 | 115.28 | 111.03 | 115.19 | 114.49 | −0.1 | 2.38 | 136.77 | 115.47 | 111.02 | 115.34 | 114.58 | 148.16 | 122.32 | 129.73 |
| World Ex. UK (2015) | 144.25 | −0.3 | 121.48 | 117.00 | 121.39 | 129.91 | −0.4 | 2.29 | 144.67 | 122.14 | 117.43 | 122.01 | 130.39 | 150.56 | 120.06 | 126.61 |
| World Ex. So. Af. (2188) | 146.47 | −0.2 | 123.35 | 118.80 | 123.26 | 131.34 | −0.3 | 2.56 | 146.77 | 123.92 | 119.14 | 123.78 | 131.73 | 153.06 | 122.92 | 129.40 |
| World Ex. Japan (1775) | 160.55 | −0.2 | 135.21 | 130.22 | 135.12 | 149.34 | −0.3 | 3.27 | 160.85 | 135.80 | 130.56 | 135.66 | 149.77 | 161.90 | 126.69 | 132.40 |
| The World Index (2249) | 147.21 | −0.2 | 123.97 | 119.39 | 123.88 | 131.83 | −0.3 | 2.56 | 147.51 | 124.54 | 119.73 | 124.40 | 132.23 | 153.70 | 123.28 | 129.70 |


Latest prices were unavailable for this edition.

## LONDON SHARE SERVICE

### BRITISH FUNDS

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | | |
| 12¾pc 1992‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 10pc 1992 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 3pc II 1992‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 8pc 1992‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 10½pc Cv 1992‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 3pc 1992 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Exch 12¼pc 1992 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 13½pc 1992 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 8¾pc 1993 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 10pc 1993‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 12½pc 1993‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Funding 6pc 1993‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 13¾pc 1993‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 8½pc 1994 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 14½pc 1994‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Exch 13½pc 1994 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 10pc Ln 1994‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Exch 12½pc 1994 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 9pc 1994‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 12pc 1995 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Exch 3pc Gas 90-95 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 10¼pc 1995 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 12¾pc 1995‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 14pc 1996 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 9pc 1992-96‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 15¼pc 1996‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Exch 13¼pc 1996‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Conversion 10pc 1996 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Five to Fifteen Years | | | | | | | |
| Treas 13¼pc 1997‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Exch 10½pc 1997 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 8¾pc 1997‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Exch 15pc 1997 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 9¾pc 1998 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 6¾pc 1995-98‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### BRITISH FUNDS - Cont.

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| Exch 12pc 1998 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 9½pc 1999‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Exch 12¼pc 1999 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 10½pc 1999 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Conversion 10¼pc 1999 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 13pc 2000 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Undated | | | | | | | |
| Consols 4pc | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| War Loan 3½pc‡‡ | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Conv 3½pc '61 Aft | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 3pc '66 Aft | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Consols 2½pc | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treas 2½pc | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### BRITISH FUNDS - Cont.

| Index-Linked | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield (1) | Yield (2) |
|---|---|---|---|---|---|---|---|
| Treas 2pc '94 | (102.9) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 2pc '96 | (67.9) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 2½pc '01 | (78.3) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 2½pc '03 | (78.8) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 2pc '06 | (69.5) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### OTHER FIXED INTEREST

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| Hydro Quebec 15pc 2011 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Int-Am Dev 12½pc 2003 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 8¾pc 2015 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Leeds 13½pc 2006 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Liverpool 3½pc Irred | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| LCC 3pc '20 Aft | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Manchester 11½pc 2007 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Met. Wtr 3pc 'B' | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| N'wide Anglia 3⅞pc 2021 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 4⅛pc IL 2024 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Utd Mex States 16½pc 2008 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

# LONDON SHARE SERVICE

## AMERICANS

| Notes | Price £ | + or - | 1991/92 High | low | Mkt Cap £m | Yld Gr's |
|---|---|---|---|---|---|---|
| Abbott Labs | 35¾xd | -⅜ | 38⅝ | 20⅞ | 15,817 | 1.5 |
| ♥Allegheny & W | 281p | -2 | 383p | 218p | 135.6 | 6.1 |
| Amdahl | 1006pxd | +12 | 1018p | 667p | 1,118 | 0.5 |
| Amer Cyanamid | 36⅛ | -⅛ | 42½ | 25⅜ | 3,392 | 2.2 |
| Amer Express | 12⅝xd | — | 17⅞ | 9¼ | 5,939 | 4.3 |
| Amer T & T | 22⅛xd | -½ | 24½ | 15¼ | 29,900 | 3.1 |
| Ameritech | 35⅞ | -⅜ | 38⅞ | 32½ | 15,794 | 5.0 |
| BankAmerica | 23⅜xd | +⅜ | 28¾ | 12⅜ | 5,122 | 2.7 |
| Bankers NY | 37¼xd | +⅛ | 38⅛ | 20⅛ | 3,861 | 7.0 |
| Bell Atlantic | 25⅞xd | -⅜ | 28½ | 24¼ | 10,176 | 5.2 |
| BellSouth | 28¼ | -⅜ | 31¼ | 25 | 13,792 | 5.2 |
| ♥Bethlehem Steel | 9⅝xd | +1¼ | 11¼ | 6⅞ | 739.6 | 2.2 |
| Bowater | 1453p | -16 | 1839p | 1042p | 521.9 | 4.4 |
| CPC | 48¾xd | -⅞ | 54⅞ | 37⅞ | 3,655 | 2.4 |
| California Engy | 748p | — | 930p | 420p | 135.8 | — |
| Campbell Soup h | 21⅞ | -⅜ | 25 | 14⅛ | 5,488 | 1.7 |
| Chase Manhattan | 12¼ | +⅜ | 12¾ | 5⅜ | 1,725 | 6.1 |
| Chrysler | 8¼xd | -⅜ | 9⅞ | 5⅜ | 2,306 | 3.9 |
| Citicorp | 8½xd | -⅛ | 10⅞ | 4⅝ | 2,919 | - |
| Colgate-Palm | 27xd | -½ | 27⅝ | 21⅜ | 3,929 | 2.1 |
| Cont'l Bank | 716p | +35 | 829p | 430p | 723.5 | 6.0 |
| Dana | 19⅝xd | +1½ | 21⅝ | 13⅝ | 808.7 | 4.3 |
| Data General | 1004p | — | 1282p | 203p | 277.8 | — |
| Dial | 28⅝xd | -¼ | 29⅞ | 12⅞ | 1,867 | 2.8 |
| Dun & Brad | 31⅛ | -⅜ | 37⅜ | 20⅛ | 5,527 | 3.7 |
| Eaton | 39⅞ | +⅞ | 40 | 24¼ | 1,851 | 3.0 |
| Echlin | 8¾xd | +⅜ | 8¾ | 5½ | 488.6 | 4.3 |
| FPL | 19⅞xd | +⅜ | 20⅛ | 14⅞ | 3,358 | 6.5 |
| Fluor | 27xd | +⅛ | 30⅜ | 17⅛ | 2,185 | 0.8 |
| Ford Motor | 18⅞xd | +⅜ | 23¼ | 13 | 8,985 | 2.8 |
| Gen Elect | 44⅜xd | +⅝ | 46⅞ | 28⅜ | 38,455 | 2.6 |
| ♥General Host | 451p | +4 | 500p | 270p | — | 4.2 |
| Gillette | 28⅛xd | -1⅜ | 45¾ | 20⅞ | 6,138 | 1.2 |
| Hasbro | 23¼ | -½ | 24 | 794p | 1,383 | 0.5 |
| Honeywell | 40⅛xd | -¼ | 40¼ | 21¾ | 2,798 | 2.2 |
| Houston Inds | 23¼ | +⅛ | 24¼ | 17⅞ | 3,881 | 6.8 |
| IBM | 64⅜xd | +½ | 72⅞ | 46 | 31,119 | 4.7 |
| Ingersoll-Rand | 33⅞xd | +2 | 33⅞ | 16⅞ | 1,728 | 2.1 |
| Lockheed | 24¾xd | +⅜ | 28⅛ | 16⅝ | 1,567 | 4.3 |
| Lowe's | 2230p | +32 | 2230p | 1245p | 815.3 | 1.3 |
| Merrill Lynch | 37½xd | -⅝ | 39⅞ | 10⅛ | 3,811 | 1.4 |
| Morgan (JP) | 35⅞xd | -⅛ | 38¼ | 21⅞ | 3,775 | 3.2 |
| Morris (Philip) | 43¾xd | -⅜ | 44⅝ | 25⅛ | 40,584 | 2.6 |
| NYNEX | 43⅛ | -⅜ | 46¾ | 39 | 8,753 | 6.6 |
| ♥Pac Agric | 28½p | — | 80p | 15p | — | — |
| Pall h | 17⅛ | +⅜ | 17⅞ | 10⅛ | 1,573 | 1.0 |
| Pennzoil | 30⅞xd | +⅛ | 45⅛ | 28⅛ | 1,238 | 5.3 |
| Quaker Oats | 39¾ | -⅛ | 40⅜ | 24⅞ | 3,049 | 2.3 |
| Rockwell | 15⅝xd | +⅛ | 17⅜ | 12⅛ | 3,565 | 3.2 |
| Rep NY | 23¾ | -⅛ | 27⅛ | 16½ | 1,339 | 2.1 |
| Sears, Roebuck | 23⅛xd | +⅛ | 25⅝ | 12⅞ | 7,925 | 4.6 |
| Sthwestern Bell | 34⅜xd | -⅜ | 35⅞ | 25⅝ | 10,308 | 4.4 |
| Sth Co. | 16⅞xd | — | 20¼ | 14⅛ | 1,789 | 5.8 |
| Tenneco | 21⅝xd | +1⅛ | 27⅛ | 14⅞ | 2,580 | 4.0 |
| Texaco | 35¼xd | +⅜ | 40½ | 29⅛ | 9,111 | 4.8 |
| Texas Instr | 28½xd | +⅝ | 28⅝ | 14⅛ | 1,680 | 1.9 |
| Time Warner | 53⅜xd | -⅛ | 64½ | 37⅞ | 4,928 | 1.0 |
| TRINOVA | 12⅛xd | +⅛ | 16⅜ | 8⅞ | 351.8 | 2.9 |
| ♥Unilab | 509p | — | 555p | 250p | 472.6 | — |
| Utd Tech | 31⅛xd | +⅛ | 31⅛ | 22⅜ | 3,828 | 3.1 |
| ♥UtiliTech | 68p | — | 92p | 42p | — | — |
| US West | 21⅛ | +⅛ | 23 | 18¼ | 6,382 | 5.3 |
| Vanity | 857p | +1 | 1418p | 578p | 213.9 | — |
| Waste Manage | 25⅞xd | +¼ | 25⅞ | 16⅝ | 12,232 | 0.9 |
| Whirlpool | 2459p | +173 | 2459p | 1053p | 1,708 | 2.4 |
| ♥Woolworth | 17⅛ | -⅛ | 20⅛ | 12¾ | 2,223 | 3.4 |

## CANADIANS

| Notes | Price £ | + or - | 1991/92 high | low | Mkt Cap £m | Yld Gr's |
|---|---|---|---|---|---|---|
| ♥Abbot Energy | 2p | +¼ | 11p | 1⅜p | — | — |
| Amer Barrick | 1628p | +17 | 1628p | 853p | 2,828 | 0.3 |
| Bk Montreal | 22⅛ | -⅛ | 23¾ | 13 | 2,723 | 5.0 |
| Bk Nova Scot | 1150pxd | -25 | 1175p | 535p | 2,312 | 4.1 |
| ♥BC Gas | 863p | +2 | 870p | 638p | — | 3.8 |
| BCE | 24 | -⅛ | 24½ | 17¼ | 7,459 | 6.4 |
| ♥Brascan | 864p | — | 16½ | 847p | 786.8 | 5.8 |
| ♥Breakwater | 14½p | +1⅛ | 36p | 6p | 8.98 | — |
| Can Imp Bk | 1789p | -21 | 1818p | 1180p | 3,265 | 4.0 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## BANKS

[illegible]

## BREWERS & DISTILLERS

[illegible]

## BUILDING MATERIALS

[illegible]

## BUILDING MATERIALS - Cont.

[illegible]

## BUSINESS SERVICES

[illegible]

## CHEMICALS

[illegible]

## CONGLOMERATES

[illegible]

## CONTRACTING & CONSTRUCTION

[illegible]

## CONTRACTING & CONSTRUCTION - Cont.

[illegible]

## ELECTRICALS

[illegible]

## ELECTRICITY

[illegible]

## ELECTRONICS

[illegible]

## ENGINEERING - AEROSPACE

[illegible]

## ENGINEERING - GENERAL

[illegible]

## ENGINEERING - GENERAL - Cont.

[illegible]

## FOOD MANUFACTURING

[illegible]

## FOOD RETAILING

[illegible]

## HEALTH & HOUSEHOLD

[illegible]

## HEALTH & HOUSEHOLD - Cont.

[illegible]

## HOTELS & LEISURE

[illegible]

## INSURANCE BROKERS

[illegible]

## INSURANCE COMPOSITE

[illegible]

## INSURANCE LIFE

[illegible]

## INVESTMENT TRUSTS

[illegible]

## INVESTMENT TRUSTS - Cont.

[illegible]

# LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

[illegible]

## MEDIA

[illegible]

## MERCHANT BANKS

[illegible]

## METALS & METAL FORMING

[illegible]

## MISCELLANEOUS

[illegible]

## MISCELLANEOUS - Cont.

[illegible]

## MOTORS

[illegible]

## OIL & GAS

[illegible]

## OIL & GAS - Cont.

[illegible]

## OTHER FINANCIAL

[illegible]

## OTHER INDUSTRIAL MATERIALS

[illegible]

## PACKAGING, PAPER & PRINTING

[illegible]

## PACKAGING, PAPER & PRINTING - Cont.

[illegible]

## PROPERTY

[illegible]

## STORES

[illegible]

## STORES - Cont.

[illegible]

## TELEPHONE NETWORKS

[illegible]

## TEXTILES

[illegible]

## TRANSPORT

[illegible]

## WATER

[illegible]

## SOUTH AFRICANS

[illegible]

## PLANTATIONS

[illegible]

## MINES

[illegible]

## MINES - Cont.

[illegible]

## GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International.
● "Tap Stock"
• Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Not officially UK listed; dealings permitted under Rule 535(2)
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.

[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,000 a year for each security shown, subject to the Editor's discretion.

## London Share Prices

**London share prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT.**

To obtain your free share Code Booklet ring (071 925-2128)

FINANCIAL TIMES
Weekend January 18/January 19 1992



Defence minister describes armed forces as 'our last barrier against disintegration'

# Soviet officers vote to keep army united

**By Leyla Boulton in Moscow**

DISGRUNTLED Soviet army officers emerged yesterday as a political force in their own right when they demanded that the unity of the armed forces be preserved in spite of the break-up of the USSR.

Marshal Yevgeny Shaposhnikov, the defence minister and commander in chief, described the armed forces as "our last barrier against disintegration".

Warning of dire consequences if the future of the army was not settled quickly, he said: "The course of events has reached the border beyond which lie feuding, chaos and national if not global tragedy."

He was addressing a meeting of 5,000 officers in Moscow, the first such conference since the break-up of the Soviet Union. The meeting voted to set up a co-ordinating council to represent the officers at talks with leaders of the new Commonwealth of Independent States.

President Boris Yeltsin appealed to the officers to "help preserve civic calm. It is easy enough to start a fire. It is far more difficult to extinguish it," he said.

Mr Yeltsin also announced Russia was taking over the armed forces stationed in non-commonwealth republics – the Baltics and Georgia – and that the proceeds of arms sales would go to finance officers' welfare and personnel costs.

Uncertainty about their future and discontent over military living conditions coincided with reports of the first deaths in food riots since prices rose sharply under harsh market reforms at the start of the year. Tass reported that two students had been killed during a protest in the central Asian republic of Uzbekistan.

The military officers voted unanimously to appeal to the Commonwealth leaders to retain a single armed force and to refrain from unilateral actions until an overall solution is found. Commonwealth leaders have put off a decision on the future of the military until a summit meeting in Minsk on February 14.

The conference was called in response to republican leaders' difficulties in agreeing what to do about the armed forces. Broadcast live on television, the delegates from all over the former Soviet Union angrily vented demands for better living standards and an end to attempts by republics to dismantle the 3m-strong army.

Ukraine's decision to make officers and men swear an oath of allegiance to the newly-independent state, along with its attempts to take over the Black Sea fleet, have been a particular source of anger.

The assembly also saw the political comeback of Colonel Viktor Alksnis, the arch-conservative former Communist who led a persistent campaign against the break-up of the Soviet Union. The popular colonel is to be a member of the officer's co-ordinating council.

Prices burden, Page 2

# Frankfurt considers electronic trading

**By David Waller in Frankfurt**

THE FRANKFURT stock exchange, the largest in Germany, is considering plans for a fully electronic trading system by the middle of the decade, a move which would transform Germany's financial markets.

The first step would be to abolish floor trading in the shares of Germany's 30 largest companies, according to proposals debated yesterday by the board of the Frankfurt exchange. The exchange will decide by April whether to adopt the plans.

News of the proposals came a day after the federal government launched a package of measures designed to strengthen Germany's role as a world financial centre.

Chief among these were plans to introduce a centralised body to regulate the securities industry and to implement laws against insider dealing. Both measures are to be introduced by the year-end.

A move to a fully electronic system could be just as significant for the future of Germany's financial markets. It is likely to have a profound effect on the structure of securities trading in Germany by concentrating business now spread between four separate market systems. It will also act as a catalyst for further centralisation of securities trading around Frankfurt, which already handles more than 50 per cent of the business conducted on Germany's eight exchanges.

Mr Rüdiger von Rosen, chairman of the exchange, said such a move would be consistent with developments in other markets. It would strengthen Germany's position as a financial services centre by enhancing liquidity and transparency in German share-trading and reducing transaction costs.

Frankfurt stock exchange: floor trading could be abolished

Details of the proposals, contained in a report prepared by the McKinsey consulting firm, have not officially been made public. However, the essence of the report has leaked out, provoking a furore among the so-called Freie Makler, the official brokers who act as intermediaries on the official market on which the bulk of domestic trading in the 30 largest companies is done.

The Maklers fear they will lose business to the banks which will be able to buy and sell directly via the new computer system. At present, they are responsible for setting prices on the market floor, which is open for business for three hours each day. The McKinsey report is believed to conclude that there is no long-term future in running a screen-based system in parallel with floor-trading.

Any full computerisation would follow the introduction of the Ibis screen-based trading system in April last year which allows dealing in shares in the DAX 30 index as well as in certain widely traded bond issues, alongside floor trading. After a slow start, Ibis has gathered importance. But the planned system would be more sophisticated and would, in time, replace floor trading altogether.

# Weak UK finances may limit tax cuts

**By Peter Marsh, Economics Staff**

THE WEAK STATE of the UK government's finances, which may limit room for tax cuts in he Budget, has been underlined by a figure for public-sector borrowing last month which far exceeded City expectations.

The Treasury said yesterday it needed to borrow £1.2bn in December to meet spending commitments, despite raising £1.8bn from the sale of BT shares.

Last month's high figure can be explained partly by weak economic activity reducing government tax revenues. In addition, the recession has increased government spending on measures such as unemployment benefit.

The financial pressures are likely to reduce the options open to Mr Norman Lamont, the chancellor, as he considers possible cuts in income tax in the March Budget. Some believe a package of this kind could turn out to be a vote winner for the Conservatives.

Better news for Mr Lamont came with separate figures showing only a 0.1 per cent increase in the retail-prices index between November and December, the lowest figure since July.

Although the headline inflation rate last month rose to 4.5 per cent, from 4.3 per cent, the scale of the rise suggests inflationary pressures are weak. Mr Lamont believes the decline of such pressures could aid a recovery later this year.

Last month's public-sector borrowing requirement contrasted with the surplus of £800m that the City had expected. It followed a low PSBR of £536m in November, and contrasts with a £244m surplus in December 1990.

The PSBR for the first nine months of the financial year ending in March now stands at £10.5bn, the same as the Treasury's forecast for the full year. Many economists believe the government may face a PSBR for the full year of about £12bn, and with a figure of perhaps twice this in 1992-93.

The Inland Revenue collected £5.89bn in taxes last month, against £6.76bn in December 1990. Corporation-tax income, payable on companies' profits, was £690m in December, compared with £622m in November and £1.19bn in December 1990.

Inflation rises, Page 4

THE LEX COLUMN

# It all depends on sterling

This column began the year on a bearish tack, suggesting that in the opening months at least the investor would be better off in cash than in UK equities. Given the cheerful mood in the markets this week, the position deserves examination. Since the turn of the year, the FT-SE is up 44 points, or 1.7 per cent. The Dow is up by nearer 3 per cent. Since the US recovery, though not in the least detectable, is now at least feasible, Wall Street may be on to something. The UK's position is more problematic.

In the past week, three things have happened to encourage the UK investor. Labour has stumbled over the issue of taxation, the big building societies have cut their mortgage rates and sterling has strengthened against the D-Mark. None of these is exactly conclusive. Labour's reverse should be set in the context of a campaign which still has months to run. The building societies' action could be interpreted either as a forecast of lower interest rates or as a desperate attempt to stimulate trade.

And above all, although sterling has been helped by the strength of the dollar, it is still very nearly as low against the D-Mark as at any time since joining the ERM. At yesterday's close of DM2.855, it is 7.7 pfennigs above its absolute D-Mark floor. Given that it has shown itself capable of falling by 4.7 pfennigs in a single day within the last year, that is not much of a cushion.

The money market, as the chart shows, has lately abandoned thoughts of a base rate rise. But as the chart also shows, the market has been wrong before: last March, for example. Sterling is not out of the woods yet; and at any serious hint of higher rates, the other bullish factors would go out of the window.

Granted all that, there has been a genuine note of optimism about UK equities this week, particularly in the move out of overvalued defensive stocks and into cyclicals and high-yielders. Any market which can push Glaxo down by 8.7 per cent in a week and ICI up by 7.5 per cent believes it has scented real recovery. All the same, cash looks the safer bet for a little while yet.

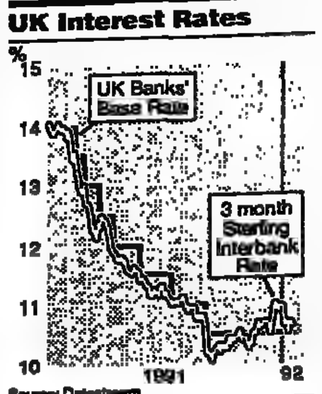
## UK banks

Bank shares may have risen sharply this week on the hope that recovery will help their bad debt problem, but the new charges being introduced by both the Halifax and NatWest suggest another side to the story. Loan demand is still flat; base rates are meanwhile 4½ percentage points below their peak, leaving both the banks and building societies with less of a cushion to fund their overheads from cheap retail deposits.

So now they are scrabbling for extra income, and the defenceless retail customer is the obvious target. One has to assume that other building societies will latch on to the idea of charging for withdrawals and that other banks will exact payment for refreshing the memory of those who happen to forget their personal card number. As much as anything else, this will be a sign of desperation in a market where there is not much sign of growth in the core business at all.

FT-SE Index: 2,536.7 (-4.9)

UK Interest Rates




## UK PSBR

It is just as well that sterling's recovery and the falling mortgage rate have left the gilts market in reasonably cheerful mood. Otherwise yesterday's PSBR figures could not have been shrugged off so lightly. The most immediately unnerving part is the fall in corporation tax receipts to little more than half their level of a year ago. That bodes ill for the PSBR in January, normally a heavy month for corporation tax payments.

It also suggests the government's £10.5bn target for the full year will be exceeded by a fair margin. The Bank of England's funding position suddenly seems a trifle less comfortable, especially if it wants to stock up for 1992-93 ahead of the election.

In the slightly longer term, the worry concerns the way the cycle is still biting deeply into both tax receipts and spending. Against a background of weak recovery at best, the 1992-3 PSBR now also looks also likely to exceed the £19.8bn City consensus at the turn of the year.

That puts the total into the range where a little bit extra here or there does not seem to matter. Thus, the prospect of vote-winning tax reductions in the budget stirs little comment about fiscal rectitude. The same goes for Labour's talk about phasing in its tax and national insurance changes while increasing pensions and child benefit immediately. Each of these would add the odd billion to an already high PSBR; not enough to restore it to the real levels of the crisis-ridden 1970s, but sufficient to cramp the post-election style of the lucky winner. Pledges of higher spending on the infrastructure need to be taken with an ever larger pinch salt. So do promises of tax cuts from a party which still professes commitment to a balanced budget over the cycle.

## Cityvision

Cityvision, the UK's largest chain of video rental stores, could be heading for a footnote in corporate finance manuals, if only as another example of belated intervention by the institutions. A few of them are backing a group of ex-managers in an attempt to oust a board which recently agreed to a £75m bid from Blockbuster, a US chain. Given that the bid resulted in Cityvision's share price doubling, the institutions might appear ungrateful. Instead, the two-year collapse in the shares from over 140p to a low of 22p last October has caused them to feel cheated by the 48p bid price.

If the counter-attack is successful, the shares will presumably fall back again while the company is rebuilt. But with around a quarter of Cityvision's shares in the hands of arbitrageurs, the institutions have their work cut out. Since they could simply have sold their shares, the obvious question is why it took a bid to spur them into action. The sad answer is that it almost always does. One only has to recall the case of Ultramar; had that company not produced one set of disastrous six-month results, it would presumably still be independent.

The institutions claimed to have been concerned for years at levels of executive pay and the underperformance of Ultramar shares; but they achieved nothing to compare with the brutal simplicity of the Lasmo offer.

# Dutch lager group thirsty for real ale

**By Philip Rawstorne in London and Ronald van de Krol in Amsterdam**

LOVERS of traditional ale are facing the possibility that a famous British brewer could be taken over by a fashionable Dutch lager company.

Ruddles, the Leicestershire-based brewer of real ale founded in 1858, is in talks with Grolsch, the Dutch brewer of the premium lager in a swing-top bottle.

The deal could be worth about £40m, according to industry estimates.

Ruddles, based in Langham, Leicestershire, was acquired by Courage, the UK arm of Fosters Brewing, the Australian group, in a pubs-for-breweries swap with Grand Metropolitan last year. It has estimated national sales of 300,000 barrels a year.

Courage said yesterday: "Grolsch have put forward an interesting proposal which may offer us mutual benefits."

Grolsch, which dates back even further than Ruddles to 1615, said it planned to preserve the Ruddles brand name and to protect the interests of employees.

The acquisition is part of Grolsch's aim of establishing a strong presence across north-west Europe from Britain to Germany and Poland. It entered the UK market in 1979, setting up its own sales and marketing organisation to develop its lager brand. The beer, supported by advertising campaigns featuring its distinctive bottle and the slogan "you can't top a Grolsch", rapidly gained a niche in the packaged beer sector.

During the past 14 months, Grolsch has signed agreements to supply the lager on draught to the pub estates of regional brewers, Wolverhampton & Dudley and Fuller's.

Total sales in 1991 grew by about 20 per cent to 165,000 barrels and account for 40 per cent of Grolsch's exports.

Industry analysts agreed that a Grolsch-Ruddles combination would be a good fit. The UK markets for premium lager and real ale are both growing.

The purchase of Ruddles would boost Grolsch's sales by nearly 15 per cent to more than Fl 800m (£250m).

Grolsch raised expectations of an acquisition when it raised Fl 100m through a convertible bond issue in mid-1991. Britain was presumed to be the target area.

Trading in Grolsch shares was suspended on the Amsterdam stock exchange prior to the announcement yesterday. The shares closed on Thursday, up Fl 2.50 to Fl 185, near their 12-month high.

## CHIEF PRICE CHANGES YESTERDAY

| | | | |
|---|---|---|---|
| **FRANKFURT (Dm)** | | | |
| **Rises** | | | |
| Heidelb Zem | 888 | + | 13 |
| Hochtief | 1191 | + | 21 |
| Hoesch | 225.5 | + | 10.5 |
| Rheinmetall Ber | 367 | + | 7 |
| **Falls** | | | |
| Douglas Hldgs | 635 | – | 9 |
| Hamburg Elect | 197 | – | 8 |
| **New York ($)** | | | |
| **Rises** | | | |
| Apple | 67 | + | 4¼ |
| Compaq | 34⅜ | + | 1¾ |
| IBM | 98⅝ | + | 1⅛ |
| Reebok | 31⅞ | + | 1⅞ |
| **Falls** | | | |
| Citicorp | 14⅜ | – | ½ |
| Digital Equip | 53¾ | – | 1 |
| New York prices at 12.30pm | | | |
| **Paris (FFrs)** | | | |
| **Rises** | | | |
| Axa | 925 | + | 34 |
| Chargeurs | 1030 | + | 33 |
| Geophysique | 540 | + | 33 |
| SILIC | 580 | + | 28 |
| **Falls** | | | |
| Docks | 189 | – | 14 |
| Paribas | 330 | – | 26 |
| **Tokyo (Yen)** | | | |
| **Rises** | | | |
| Akai Electric | 705 | + | 54 |
| **Falls** | | | |
| Daito Wool | 1630 | – | 140 |
| Koyo Iron | 959 | – | 91 |
| Orix | 2490 | – | 260 |
| Tayca | 494 | – | 45 |
| Toda Kogyo | 774 | – | 71 |
| **London (Pence)** | | | |
| **Rises** | | | |
| Alcomn | 349 | + | 11 |
| BKN | 319 | + | 13 |
| Dwyrwood | 213 | + | 14 |
| ICI | 1255 | + | 33 |
| IMI | 245 | + | 12 |
| Microtec | 121 | + | 8 |
| RMC | 579 | + | 23 |
| Redland | 473 | + | 15 |
| Royal Insnce | 260 | + | [illegible] |
| Tarmac | 123 | + | 8 |
| Utd News | 362 | + | 14 |
| **Falls** | | | |
| Arjo Wiggins | 258 | – | 17 |
| Brent Chem | 117 | – | 18 |
| Fisons | 334 | – | 27 |
| Glaxo | 838 | – | 28 |
| LPA | 51 | – | 4 |
| Merchnt Retail | 14 | – | 6 |
| Pelon | 105 | – | 8 |
| Rentokil | 396 | – | 20 |
| Shaftesbury | 51 | – | 5 |
| SmKline Bch A | 889 | – | 34 |

# Halifax

Continued from Page 1

customer was told that the move was designed to encourage people to save and that other building societies would follow. Halifax refused to disclose details until all customers had been informed.

This was strongly denied by the other four of the UK's top five building societies. Leeds said it had "absolutely no plans to do such a thing". Nationwide, Woolwich and Alliance and Leicester said it was not their policy to impose charges on customers wishing to make withdrawals from instant access savings accounts.

Last year the Halifax withdrew interest on accounts with a balance of less than £50, unless the account holder was under 21 years of age.

Another of the top 10 building societies, Cheltenham and Gloucester, decided in October 1990 to impose a £100 minimum on its Gold account in October 1990. "It was not worth maintaining these accounts," it said. "C&G has gone for larger investors."

Abbey National, the former building society and Halifax's main rival in the savings market, said: "We would never penalise a customer for just having a pound in their balance."

The Building Societies Commission, the industry's regulatory body, said it was up to individual building societies to set the terms and conditions for operating their accounts.

NatWest will be charging for services such as re-advising a customer of his personal identification number for cash machines at a cost of £5. Customers will pay £5 for duplicate monthly statements and to change their statement date, £10. Acknowledgement of a postal payment will cost £2. Copies of paper vouchers on disputed transactions will cost £5 for UK and £10 for international transactions.

NatWest is also quietly changing the date from which it charges interest on monthly credit card balances not paid financesoff in full. By charging interest from the date an item was charged to the account, rather than from the statement date, the bank will substantially increase the interest it earns on credit cards. Barclaycard, the largest UK credit card issuer, adopted this method two years ago when it introduced annual card fees.

## WORLDWIDE WEATHER

**UK today:** Most parts will be cloudy but there will be bright patches in sheltered eastern areas. Wales and southern England. Fog will be slow to clear and freezing fog patches are likely.
**Outlook:** Sunday and Monday will be cloudy and dry but the east may have light rain.

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | C | [illegible] | 54 | Bordeaux | C | 4 | 39 | Dallas † | F | 2 | [illegible] | Innsbruck | C | 0 | 32 |
| Algiers | S | 16 | 61 | Boulogne | C | 9 | 48 | Dublin | Fg | 4 | 39 | Inverness | C | 7 | 45 |
| Amsterdam | C | 7 | 45 | Bristol | C | 4 | 39 | Dubrovnik | | – | – | Isle of Man | C | 8 | 46 |
| Athens | S | 15 | 59 | Brussels | C | 6 | 43 | Edinburgh | S | 7 | 45 | Istanbul | F | 9 | 48 |
| Bahrain | R | 19 | 66 | Budapest | C | 7 | 45 | Faro | S | 15 | 59 | Jersey | F | 9 | 48 |
| Barcelona | F | 6 | 43 | Buenos Aires | | – | – | Florence | S | [illegible] | [illegible] | Johannesburg | F | [illegible] | 82 |
| Belfast | C | 4 | 39 | Cairo | F | 16 | 61 | Frankfurt | C | 7 | 45 | Las Palmas | F | 21 | 70 |
| Belgrade | S | 7 | 45 | Cape Town | S | 19 | 66 | Geneva | C | 1 | 34 | [illegible] | C | 5 | 41 |
| Berlin | F | 4 | 39 | Cardiff | C | 4 | 39 | Gibraltar | F | 15 | 59 | Lisbon | S | 10 | 50 |
| Biarritz | C | 2 | 36 | Chicago † | C | -1 | 30 | Glasgow | F | 7 | 45 | Locarno | S | 5 | 41 |
| Birmingham | C | 4 | 39 | Cologne | C | 6 | 43 | Guernsey | C | 8 | 46 | London | C | 7 | 45 |
| Blackpool | Fg | 5 | 41 | Copenhagen | S | 4 | 39 | Helsinki | S | -6 | 21 | Los Angeles † | S | 12 | 54 |
| Bombay | S | 30 | 86 | Corfu | F | 13 | 55 | Hong Kong | S | 16 | 61 | Luxembourg | C | 4 | 39 |

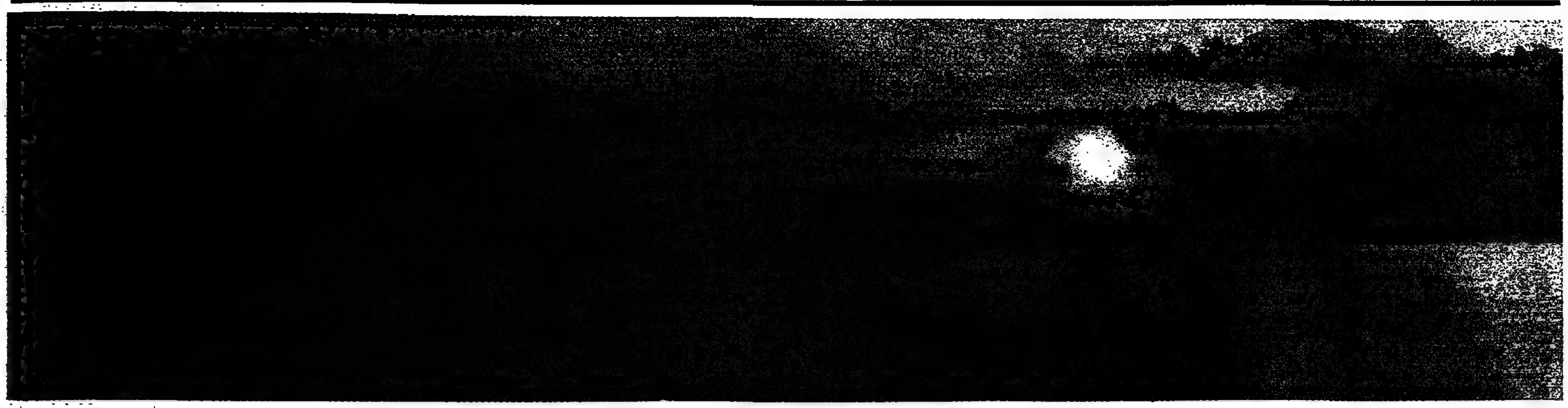
| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Madeira | C | 18 | 64 | Nairobi | S | 25 | 77 | Prague | F | 3 | 37 | Tel Aviv | R | 11 | 52 |
| Madrid | S | 5 | 41 | Naples | F | 15 | 59 | Reykjavik | Dr | 7 | 45 | Tenerife | F | 22 | 72 |
| Majorca | S | 13 | 55 | Nassau | | – | – | Rhodes | F | 14 | 57 | Tokyo | S | 14 | 57 |
| Malaga | S | 14 | 57 | Newcastle | C | 7 | 45 | Rio de Janeiro | | – | – | Toronto † | Sn | -7 | 19 |
| Malta | F | 15 | 59 | New Delhi | S | 17 | 63 | Rome | F | 12 | 54 | Tunis | S | 10 | 50 |
| Manchester | C | 3 | 37 | New York † | C | [illegible] | [illegible] | Salzburg | C | 4 | 39 | Valencia | S | 11 | 52 |
| Melbourne | C | 17 | 63 | Nice | S | 10 | 50 | S'Francisco † | C | 8 | 46 | Vancouver † | Fg | -1 | 30 |
| Mexico City | | – | – | Nicosia | S | 15 | 59 | Seoul | S | [illegible] | 27 | Venice | Fg | 1 | 34 |
| Miami † | S | 8 | 46 | Oporto | S | 11 | 52 | Singapore | F | 28 | 82 | Vienna | C | 5 | 41 |
| Milan | Fg | 0 | 32 | Oslo | S | -1 | 30 | Stockholm | S | [illegible] | 28 | Warsaw | Sn | -2 | 28 |
| Montreal † | Sn | [illegible] | [illegible] | Paris | C | 6 | 43 | Strasbourg | C | 5 | 41 | Washington † | F | -6 | 21 |
| Moscow | Sn | -5 | 23 | Peking | S | 1 | 34 | Sydney | C | 19 | 66 | Wellington | [illegible] | 19 | 66 |
| Munich | C | 3 | 37 | Perth | S | [illegible] | 84 | Tangier | S | 16 | 61 | Zurich | C | 3 | 37 |

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

# Weekend FT

SECTION II

Weekend January 18/January 19 1992

# Voyage of the damned: a slaver's diary

*In 1700, Walter Prideaux sailed for Africa on the slave ship Daniel and Henry. His log of the voyage has now been published.* ***John Kitching*** *re-tells his tale*

*IN THE 500th anniversary year of Columbus's voyage to America, another extraordinary trans-Atlantic tale can be told. By chance, the log of the slave ship Daniel and Henry, which sailed from Dartmouth in 1700, was found on a London bookstall. The discovery has led to a vivid reconstruction* of a remarkable trip to Africa's Guinea coast and the West Indies. It is the shameful story of a trade in which the British always claimed an abolitionist role.*

CHRISTMAS: quite the worst time of year for a journey, and the most difficult at which to put together a crew. It would take Roger Mathew, an experienced Devonian captain, several weeks to find the 44 men he needed for his gruelling voyage.

For several reasons, the complement of a slave ship had to be more than double that of a normal merchant vessel: its financial backers feared slave revolt, against which they could not insure; the barter process was labour-intensive; guarding the slaves took many man-hours, and the death rate among the crew was high. Of the *Daniel and Henry's* company, 10 were to die and five to run away; others married or were bundled into the Royal Navy. Only 24 returned. But the fate of the slaves was far worse.

Roger Mathew's ship would sail for the African coast to collect men, women and children in exchange for cloth and weapons. Months later, the slaves who survived would be delivered to rich plantation owners in the West Indies in hard bargaining for sugar. It was a brutally simple equation: barter equals slaves equals sugar.

In 1683, Mathew had delivered 123 slaves to Barbados as an unlicenced trader, returning to Dartmouth with, among other things, two tons of Guinea redwood. It was clear to the boat's merchant backers, Daniel Ivy and Henry Arthur, that he was the man for the job.

With him would be Walter Prideaux, his 23-year-old nephew, who came from a well-known Quaker family. Nearly 300 years later, it is Prideaux's meticulous record of the voyage that serves as an epitaph for this trade in human beings.

Like a good seaman, Prideaux records the ship's position dutifully. As conditions worsen, so his sympathy for the slaves grows. An uneasiness and a strong whiff of superstition creep into his log. Repeatedly, he describes a flaming sword (suggesting divine retribution) and his record becomes a catalogue of slave deaths.

> *6th October 1700*
> *'Fair weather. We have now thrown overboard 153 slaves'*

When Prideaux set sail for Africa, in February 1700, there were no restrictions on involvement by the Society of Friends (Quakers) in the slave trade. William Penn, the founder of Pennsylvania and a devout Quaker, had owned slaves in the 1690s. Indeed, during its journey to Jamaica the *Daniel and Henry* fell in with the *Society*, a Quaker slave ship. The Friends did not act on their involvement in slavery until 1757 – the year Prideaux died – when alarm was expressed at their yearly meeting in London.

The *Daniel and Henry* was a merchantman typical of the period: broad-beamed, apple-cheeked at the bow and made entirely of wood: oak, elm, beech, pine, mahogany or teak were all in use as planking, baulks, keels, masts and spars. It carried between 25 and 30 sails. As it left Dartmouth, Prideaux's hopes were running high; but he was already suffering:

*"5th March, 1700: The wind at top-gallant gale: being not all well myself, having my head in raging pain."*

Even before taking the slaves on board, life for the crew below decks was cramped and chaotic: "A mass of humanity in which each man was permitted approximately 14 inches [35 cm] breadth to sling his hammock." It was dark and cold and the air was foul.

"The *Daniel and Henry,* fully laden, rode deep in the green waters of the Western Approaches . . . the risk of fire on a timber ship, caulked and coated with combustible oakum and tar pitch, carrying 80 barrels of gunpowder and hogsheads of highly inflammable spirits, constantly occupied the minds of her officers . . . into these cramped quarters, already alive with vermin, came the flower of England's merchant marine. They had but the haziest idea of whence they were bound, little idea of basic hygiene, only the most meagre of bedding and few clothes."

What lay ahead was the prospect *of protracted negotiations with caboceers* (village headmen) as bolts of woollen cloth, sets of knives or Guinea coast gold (often fake) were traded for slaves. The English were sustained by the then-fashionable notion that Africa was so overcrowded that the slave ships were doing the continent a favour. Another seafarer, Captain Nathaniel Uring, wrote in 1726: "The country is full of people, as may be supposed by every man's being allowed as many wives as he has the ability to maintain; and if it were not for these wars among themselves, and the Europeans carrying such great numbers of slaves from thence, it is highly probable that they would grow so numerous at last that the country would not contain them."

Almost all the slaves destined for the hold of the *Daniel and Henry* were from what is now Ghana. Slaves of Coromantine (Ghanaian) origin were the most highly-prized as strong, long-living and healthy specimens. *Caboceers* were always on the look-out for novice traders: the headmen were past masters at *dressing mutton as lamb.* Grey hair would be dyed, bodies shaved smooth and oiled to give the appearance of health.

> *17th October 1700*
> *'Frish gales with a Great Sea. At noon we came to anchor in Port Royal harbour, after saluting the fort with 9 guns, in 9 fathom of water'*

Bartering was a long, tiresome process with a complex set of rules entirely of the Africans' making and liable to change at any time. A selection of goods from the *Daniel and Henry* would be demanded and inspected. Plenty of gifts – *dashes* – to headmen also changed hands. When both sides were satisfied, slaves were marked with the initial letters of the ship's name and consigned to minor *caboceers* until the goods were ferried ashore.

Mathew and Prideaux found themselves in fierce competition with other traders on the Guinea coast. Negotiations began at daybreak and continued until sunset. Several trips by longboat had to be made from the *Daniel and Henry,* which was moored well offshore for added security. Prideaux negotiated from the longboat, Mathew from the ship. Their first slave was bought in Dix Cove on April 11 but progress for several weeks after that was desperately slow:

*"7th April, 1700: We seeing at Caotre several canoes on shore and many negroes on the sand and we had one canoe which came off to us . . . but got nothing but a few limes."*

Then, mooring at Poinyon, the *Daniel and Henry* took on 452 slaves, mostly women and girls. But within 30 days of leaving Africa, Prideaux records on October 6, 1700, that 153 slaves had already died and been jettisoned. In the end, the number sold in Jamaica was 240 out of the 452 loaded in Guinea. Ruthless captains could trade on the *basis of losing up to 80 per cent of* their slaves *en route.*

Disease and overcrowding were among the main culprits on the so-called "middle passage" between Africa and Jamaica. So was despair. Dysentery was rife, with slaves who had been used to high-fibre food reduced to eating beans boiled in lard and salt beef. The Africans, it was noted by many seafarers, cared little for salt. It was impossible to conceal the poor physical condition of many of Mathew's slaves, and the predominance of women was to depress further the price merchants were prepared to bid.

Few captains can have felt at ease during the middle passage. Perhaps their very discomfort is caught by the 18th century writer Thomas Aubrey: "What a devil makes these plaguey toads die so fast? To which I answer: 'Tis inhumanity, barbarity and the greatest cruelty of their commander and his crew'."

The four-month run to Jamaica tested Prideaux sorely. He had been writing his log diligently in a vellum-bound ledger bearing his coat of arms and the legend *Walter Prideaux – His Booke – Anno Domini 1688.* It had been his 12th birthday present.

"As in the first stage, Prideaux opens his account with the ritual entreaty of God's blessing upon the voyage," writes Nigel Tattersfield in *The Forgotten Trade.* "This is no empty supplication, for nowhere was man more at the mercy of the elements than at sea. And, beneath the everyday navigational conventions of the log book, there arises a suggestion that Prideaux is far from easy about being employed on a slave ship . . . He grows more and more fearful; five prayers are invoked on this passage."

> *9th November 1700*
> *'We have trimmed our longboat and are doing the same to the yawl. Have 206 slaves dead and many more still sick'*

Even sighting Barbados gives him no cause for joy. To him, the *Daniel and Henry* has become a ship of death. Prideaux has become acutely conscious of his own mortality. The devil seems to sail with him. On October 22 he writes: "Saw a star shoot which continued like a flaming sword for three minutes." Jamaica was reached in November.

For the first time in nine months, the ship's scuttles and gunports could be opened, the foul air released and the hold scrubbed out. Pitch was burned like incense in a bid to fumigate the area. Wood was washed down with vinegar, a makeshift disinfectant. The huge accumulation of sewage made cleaning the bilges a hideous task. Rats roamed freely; cockroaches and mice were everywhere. The sails had been ruined by a year of verminous attack. There was much to be done before the *Daniel and Henry* could change from slave ship to merchantman.

By the following summer, 1701, some 18 months after starting its voyage, the crew of the *Daniel and Henry* was back in Devon. For the captain, the balance sheet was not healthy. The slaves had generated perhaps £3,800, although this was largely in bills of exchange and promissory notes likely to be discounted heavily by London bankers. He had also brought back five tons of muscovado sugar worth less than £300. His outgoings were about £5,300. His hazardous and often horrific voyage had not made him or his backers rich.

*None of the crew ever worked the* slave routes again. Mathew went back to ordinary merchantmen and never returned to Africa. Prideaux, who married and produced 13 children, became a maltster. Several of his descendants were important figures in the Society of Friends, well into this century. But, chiefly, he left us his log, which hints at horrors almost beyond comprehension.

* *The Forgotten Trade, by Nigel Tattersfield; Jonathan Cape, £20.*

## CONTENTS



**The designer touch: one of Marc Bohan's drawings for his first House of Hartnell collection .......... Page XI**



The Long View/**Barry Riley**

# Too many fish in the fjord

A SHARP reminder of the scale of the problems in Britain's financial system came this week when TSB, not one of the UK's very biggest banks, disclosed bad debt provisions of some £250m. A lot more of the same is inevitable when the main bank reporting season opens next month.

How long will the crisis go on? This time last year there were hopes that the worst was over, but it has turned out otherwise. Extravagant booms based on credit, of the kind that we enjoyed between 1986 and 1989, have to be paid for over a lengthy period. There are plenty of international precedents; I was intrigued to receive recently an excellent study of the Norwegian boom and bust by Axel Dammann, a retired Norwegian banker.

Perhaps the parallels between Norway, population 4.2m, and the UK should not be drawn too closely. But the Norwegian lending spree and surge of economic growth – mainland GDP increases averaged 4.2 per cent annually for the four-year period beginning 1983 – were very similar in scale to what happened in the UK for four years starting 1986, when economic growth was 3.8 per cent. Broad money growth in Norway reached some 18 per cent a year in 1984 and 1985, just as happened in the UK later in the decade.

The gap of roughly three years could provide us with an opportunity to glimpse the UK's future. Again, we have to be careful not to jump to conclusions. At least Britain's banks will not have to bear the burden of a 32,000-ton surplus frozen salmon mountain, as Norway's did, in a particularly bizarre example of overexpansion; they financed far too many fish farms out in the fjords.

But two facts stand out. Norway's GDP has remained stuck for five years at around the 1986 level. And in 1991, four years after the main lending boom ended, the major banks all had to be rescued by the government.

Lending controls were abolished by the Norwegian government at the beginning of 1984, in pursuit of faster economic growth and lower interest rates. A huge demand for credit both from businesses and from private individuals became apparent. The stock market began to soar and house prices doubled between 1983 and 1987, while debt outstanding to mortgage institutions expanded 2½ times to NKr100bn. An oversupply of commercial office space was developed. Business bankruptcies are now running at three times the level of the early 1980s. It sounds familiar.

The economic hangover in Norway has proved to be much longer than anybody expected. Axel Dammann says there are three reasons: a lack of insight into the workings of the monetary side of the economy, an ignorance of the weak financial status of small companies, and inattention to the erosion of the reserves of the banks. Broad money growth has tailed away to an annual 5 or 6 per cent because of the *unwillingness of banks to lend (inflation* is about 4 per cent). The government and the central bank continue to be puzzled by the sluggishness of the domestic economy, but refuse to pin the blame on weak monetary growth.

Elsewhere in Scandinavia similar banking crises have led to recent devaluations but the Norwegians are made of sterner stuff. To complete the parallels with the UK, Norway linked its currency to the Ecu in October 1990, the same month as sterling entered the exchange rate mechanism (although Norway is not a member state of the EC).

In quite a lot of important respects the British recession appears to be developing along Norwegian lines. Monetary growth has tumbled to a level – around 5½ per cent over the 12 months to last November on the M4 measure – which is causing concern among monetary economists. The economy is much more sluggish than the Treasury computer says it should be.

What lessons can we draw? Well, there should be much less talk about a hypothetical recovery in consumer confidence, and much more analysis of asset prices, loan security and the burden of debt at a period of high real interest rates. It is important to sustain confidence in the banking system, but it would be shortsighted to do so in a way which led to real problems being ignored.

The deadly arithmetic of compound interest penetrates the whole problem. If interest cannot be paid, then it will not do any good to wait until next year because the problem can only get worse. In the past, inflation or a new credit-based recovery of asset prices have tended to bail out the banks and the troubled borrowers, but this cannot be expected to happen under a monetary regime ultimately controlled by the Bundesbank. The message from Norway is that asset prices, once over-inflated by a lending boom, can drift back downwards year after year and eventually the banks will suffocate under the weight of their accumulating bad debts.

You have to wonder whether the banks should really be paying out unchanged dividends, as TSB did this week, or should be preserving their dwindling capital with much greater care. Perhaps the government, which would have to foot the bill for rescuing any British banks, might start thinking about that.

But the question of how the banks can best weather the current storm is only one point at issue. Beyond that, the question raised by what happened both in Norway and the UK in the 1980s is how on earth the banks can be prevented from causing a similar mess all over again should they be given half a chance.

Competition must be encouraged, but not to the point where floods of money are distorting whole sectors of the economy. The property bubble will surely not recur for at least another decade, but the next boom might be in, say, small business lending, with government encouragement.

Ultimately there must be the presence of a strong monetary authority, able to assess broad risks and control the pace of credit growth across the economy; it must be immune from temporary political pressures, however beguiling – such as to help first-time house buyers.

The banks themselves, though, always seem irresistably inclined to swim with the flood tide, even when it is carrying them towards the rocks.

London Markets

# Secretaries have votes, too

THE symbolic photograph of the week showed a forlorn Roger Freeman, transport minister, taking an unwonted ride on the London Underground clutching a box of chocolates.

The chocolates were for his secretary, whose job status he had inadvertently insulted in a speech. The symbolism said: the election campaign is under way; do not foul things up.

Although there could easily be five months between now and an election, stock market traders, like politicians, are already behaving as if the vote were imminent.

This week, the sustained Conservative attack on the potential tax implications of Labour's spending plans had two effects. By making it clear that the government would fight the election as the low-tax party, it raised the prospects of an (ever so slightly) tax-cutting Budget.

More important, it exposed a weakness in the Labour camp: by mid-week the leadership was attempting to muffle the impact of its proposal to lift the ceiling on *National Insurance contributions.*

Investors worried by the way the *Tories had appeared to be* drifting to defeat were heartened by a suddenly rediscovered ability to put Labour on the defensive.

Thursday's half-point drop in building society mortgage rates was also cheering, not least because of its potential impact on home-owning voters. In truth, this move is more an indication of the big societies' determination to shut the clearing banks out of the market for home loans than of improvement in the economic climate, but investors wanted to read the best into it.

Shares in Abbey National, the quoted former building society that led the rate-cutting move, rose 11p on the day of the announcement and closed on Friday at 298¼p, up 19p on the week. Shares in the clearing banks also rose strongly, even though they stand to lose from their rivals' sacrifice of margins.

There were other forces at work, of course: weighed down by loan losses, banks have become as cyclical as any chemical or construction company. And, as the chart shows, the week saw a marked shift out of defensive, recession-resistant stocks – especially the big pharmaceutical companies that dominate the Health and Household sector of the All-Share – into shares that might benefit from economic recovery.

*Glaxo closed at a new high* of 930p on Monday, then lost nearly 100p in the next four days, closing at 838p. SmithKline Beecham went from 946p to 889p in the same period. On Thursday, these two companies took nearly 12 points off the FT-SE index's performance.

The reasoning behind the move owed a little to optimism about the UK economy: sterling's stability above its ERM floor, and lower pay demands from the German trade unions, both signalled a lower risk of a Bundesbank-inspired run-up in UK interest rates.

The move owed at least as much to developments in the US, where a marked switch from defensive to cyclical stocks was arguably more justified by a growing confidence about economic recovery. US pharmaceutical companies such as Merck, Glaxo's closest international competitor, suffered; and so did the UK drugs companies, in which US investors' have big stakes. The trend spread to the London market, where investors leapt on it with enthusiasm.

Among the gainers were shares in banks, stores, and construction companies. The cautious remember, however, that there were several abortive attempts to establish the trend last year; it remains to be seen whether this version is longer-lasting than its predecessors.

One drug company, Fisons, had other news to contend with. On Tuesday its chairman of 11 years, John Kerridge, retired on health grounds, leaving the company looking for a new chief executive. The share price has been languishing for months, as the company has been attempting to overcome hostility it has managed to inspire in the bosom of its most important regulator, the US Food and Drug Administration.

Kerridge's departure was marked by an immediate run-up in Fisons' shares, followed by an only-slightly-less immediate bout of second thoughts. Those were compounded by some wounding FDA comments in internal documents obtained under the US freedom of information act. Fisons' shares closed on Friday at 334p, down 13p on the week.

The US theme that ran throughout much of the week's activities also affected Cable & Wireless. For several weeks, the markets have been circulating rumours about discussions with American Telephone & Telegraph, the US long-distance operator; on Friday, those rumours were confirmed, with the rider that the talks had halted for the moment after failing to make progress.

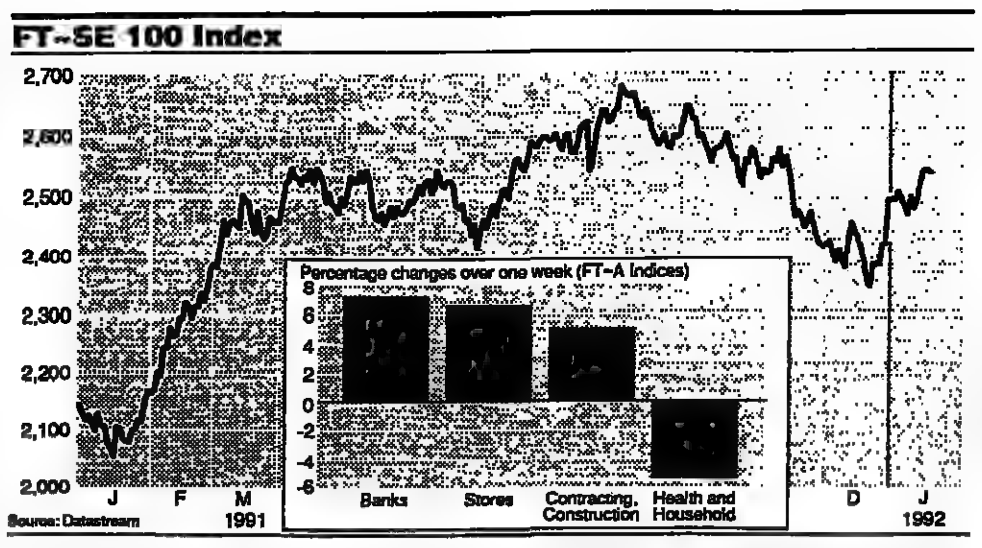
Those who had been talking up the stock in the (never very realistic) belief that AT&T would buy the whole of Cable & Wireless were disappointed that the talks had not gone further; those who had expected some more limited relationship were heartened that the talks had happened at all. Cable & Wireless closed the week at 600p, up 11p.

One other big stock reacted to important news this week: British Gas stepped back from a confrontation with its regulator, and the shares rose 3p on the week, closing at 243p. Opinion was divided about whether this was a decisive surrender or just another skilful manoeuvre in the utility's struggle to preserve as much as possible of its market dominance.

One thing was clear: British Gas was able to ease itself out of confrontation thanks to the diplomatic involvement of John Wakeham, the energy secretary. In the run-up to the election, expect to see more such diplomacy all round.

***Peter Martin***

FT-SE 100 Index



Source: Datastream

### HIGHLIGHTS OF THE WEEK

| | Price y'day | Change on week | 1991/92 High | 1991/92 Low | |
|---|---|---|---|---|---|
| FT-SE 100 Index | 2536.7 | +58.8 | 2579.6 | 2054.8 | Opinion polls/mortgage rate cuts |
| Blue Circle | 250 | +31 | 288 | 198 | Upturn in building sector |
| British Steel | 76½ | +12 | 149 | 81 | US buying |
| GKN | 319 | +36 | 396 | 268 | Recovery buying/Nissan benefits |
| Glaxo | 838 | -78 | 943 | 400 | US switch out of pharmaceuticals |
| Hazlewood Foods | 134 | -33 | 209 | 126 | Warburg downgrade |
| Land Securities | 473 | +26 | 585 | 434 | Property rally |
| Lloyds Abbey | 369 | +21 | 442 | 312 | Good new business figures |
| Lonrho | 160 | -26 | 277 | 131 | Bear Raids |
| MTM | 265 | +19 | 265 | 136 | Presentations to institutions |
| Marks & Spencer | 302 | +30 | 303 | 213½ | Economic recovery hopes |
| P & O Dfd. | 460 | +41 | 595½ | 392 | Mortgage cuts |
| Rugby | 196 | +28 | 205 | 135 | Upturn in building sector |
| Shell Trans. | 497 | +24 | 546 | 419 | Oil price rallies/switching from BP |
| Willis Corroon | 254 | +23 | 537 | 227 | Kleinwort Benson buy note |

Serious Money

# Where to place your trust?

***By Philip Coggan, Personal Finance Editor***

*Big fleas have little fleas*
*Upon their backs to bite 'em*
*And smaller fleas have littler fleas*
*And so ad infinitem*

SO IT is with the investment trust industry. Trusts have a parasitical nature – they are, after all, companies that exist solely to invest in other companies. The next level of evolution – trusts that invest solely in other investment trusts – have been around for a while.

The industrial branch of the family tree – split capital trusts – rigorously divides such functions as income and capital growth between different classes of shares. Adam Smith would have approved.

Someone had to invent the split capital trust that invested in other split capital trusts and, of course, they did. The trust which invests only in trusts which invest in other trusts cannot be far away.

The private investor has to wonder whether these ever more complex examples of financial ingenuity are wonderful investments, or carefully crafted illusions.

However clever the structures, the success of all of these trusts depends on the underlying health of corporate earnings and dividends. Normally this specifically means UK corporate earnings and dividends since it is only in the UK that dividend streams are high enough to make these structures work.

If the profits and dividends of UK companies do not grow through the 1990s, then the investment performance of many of these trusts will be sharply hit. It is not therefore logical for a private investor to shy away from the stock market as "too risky", only to be lured into a split capital trust on the grounds that it is a "sure thing".

And the private investor also needs to be careful which class of shares he buys. Take Exmoor Dual Investment Trust, a split capital investment trust that invests in other splits.

The three classes of share in Exmoor – ordinary, income and zero preference – were issued for a combined total of 240p in 1988. Their current combined price is 352p, a return for anyone who bought all three of 46.7 per cent, well ahead of the FT-A All-Share Index over the same period.

However, the gains have not been equally distributed. Those who bought the zeroes at 100p have seen the price of their shares rocket to 184p, and those who bought the income shares have also done well, enjoying a rise from 100p to 132p. But the ordinary shares have fallen in price from 40p to 36p over the three years.

In general, there has been a popularity shift in favour of zeroes – which have a prior claim on the assets of a trust and are perceived as almost "risk-free" – and income shares – which are highly attractive when held in a Personal Equity Plan – and away from capital shares – which depend for their return on a trust achieving strong asset growth.

Exeter Preferred Capital, a new trust launched this week, will invest in the "popular" classes of split shares. By investing in a mix of zeroes, yielding around 11.6 per cent and income shares, yielding 15 per cent, the aim is to get a return on Exeter ordinary shares of 13.6 per cent per annum. The vast bulk of this return will be provided in the form of capital growth.

There is also a tax twist. Exeter has raised a large part of its capital in the form of a zero coupon debenture. It will make annual provision for the "interest" element on this debenture (the annual increase in the value of the zero) and claim this as a tax deduction against the investment income it receives.

It sounds attractive but could Exeter get it wrong? If there was a general collapse in the stock market, then there would be a risk that the zeroes in which the trust is invested would not be redeemed at par.

The income shares which the trust buys will themselves be invested in high-yielding stocks. Such stocks performed well in the 1980s but there is a risk that in the 1990s, they may not be able to produce much in the form of dividend growth. The nature of income shares is also that their price declines towards the end of their life. If dividend growth is slower, and income share prices decline more sharply, than Exeter expects, then the returns to investors might not be as high as 13.6 per cent.

That said, the risks ought to be less than would be incurred by investing in a single company or in a geographically specialist trust. Investors should remember, however, that the returns are not guaranteed.

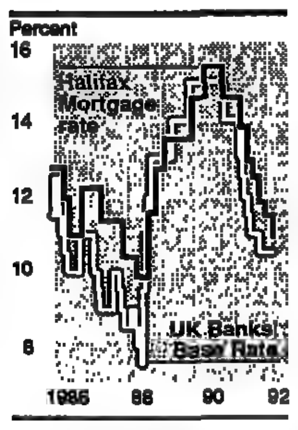
The other split capital trust to be launched this week is more traditional. Lloyds Smaller Companies Investment Trust has two classes of shares – dividend and capital – and as its name implies, it is hoping to benefit from a revival in small company shares. After many years of outperformance, small companies slumped in the late 1980s, and the hope is that they will benefit more than their larger brethren when the UK economy recovers.

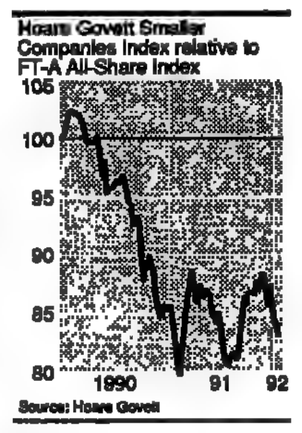
As with last year's M&G Income Trust, investors can only apply for packaged units. For most investors, therefore, the split capital structure is only important to the extent that it helps to prevent the trust from slipping to a discount.

With a yield of around 5 per cent, the Lloyds trust will be more suitable for inclusion in most people's PEPs than the Exeter trust, which has a minimal dividend yield. But again, do not dive in just because of the tax savings.

A 5 per cent yield on £6,000 is £300 a year, which means a maximum tax saving of £120 for higher rate payers. Investors could lose a lot more in capital than that if share prices decline sharply.

## AT A GLANCE



Source: Hoare Govett

### Mortgage rates are cut

The cuts in mortgage rates this week came without the stimulus of a cut in bank base rates. With base rates at 10.5 per cent and the new mortgage rate from three leading lenders at 10.95 per cent, the margin between the two is very narrow in historic terms.

Divergence between base rates and the Halifax mortgage rate was at its greatest when base rates were relatively low in 1987 and 1988. In May 1988, the difference was just over 2½ percentage points, when base rates were 7.5 per cent and the Halifax mortgage rate 9.8 per cent.

**Mortgage boost for first time buyers, Page III**

### Fillip for smaller companies

Small company shares showed promising signs of recovery this week. The Hoare Govett Smaller Companies Index (capital gains version) rose 0.9 per cent to 1183.14 over the seven days to January 16, while the County Small Companies Index increased 0.7 per cent to 946.72 over the same period.

### New Morgan Grenfell fund

Morgan Grenfell is launching the Japan "Bullet" fund, a Dublin-based offshore unit trust. The fund's investment policy will mirror that of the group's existing Japanese smaller companies fund, which is top of the combined onshore and offshore Japanese sector over the five years to January 5. The fund will have a single price, which in practice means that the 5.74 per cent initial charge will be shown separately – thus the investor subscribing for the minimum of £1,000 will receive around £940 of units. There will be a fixed offer price of 100p from February 3-7; those who apply through an independent financial adviser will get a discount of 1 per cent. The annual charge is 1.5 per cent.

### More life bonuses announced

NPI and Royal Life announced their bonuses on life assurance policies this week. Both followed the trend of cutting pay-outs on ten-year policies while leaving 25-year pay-outs relatively unscathed.

Using the standard assumption of a 29-year-old man paying £30 monthly premiums, NPI left its 25-year pay-out unchanged at £51,989, while 10-year pay-outs dipped 8.8 per cent to £6,003. Royal Life's 25-year pay-out increased 12 per cent to £55,052, but 10-year pay-outs fell 5 per cent to £6,443.

Neither office is likely to feature among the strongest performers for the year – for example Commercial Union is paying out £65,596 and £7,484.

### Pearl launches FSAVC

Pearl Assurance has launched a free-standing Additional Voluntary Contribution contract. As explained in the *Weekend FT* last week, FSAVCs are similar to personal pensions but need to be taken out in addition to a company scheme. New business figures from life offices are showing that sales of AVCs were high last year. Pearl's Expectations FSAVC will invest in the main Pearl with-profits fund. This might be attractive for people near to retirement because of the relative security of with-profits funds compared with their unit-linked rivals.

### CORRECTION

Fidelity's American unit trust is managed from London, and not from Boston, as was stated in last week's *Weekend FT*.

Wall Street

# Reality at the epicentre of recession

POLITICAL EXPEDIENCY made a virtue of intellectual honesty this week as both the US President and the chairman of America's biggest bank stared reality in the face and issued a string of *mea culpas.*

For George Bush the occasion was a campaign visit to New Hampshire, where – after assuring voters that he was not going to "throw up" again – he said the nation's economy was in a free fall and admitted he needed to exert stronger leadership on domestic issues.

The US economy is not exactly in a free fall, but it does appear to be headed for the much feared double dip recession. "I've known this economy is in a free fall. Maybe I haven't conveyed it as well as I should have, but I do understand it," said a seemingly chastened Bush.

Back in New York, one of the epicentres of the US recession, the embattled John Reed, chairman of Citicorp, also issued an apology or two. After ousting the head of his global corporate banking division – and announcing a $450m (£251.3m) to $475m loss for 1991 and $650m of fourth quarter commercial loan write-offs and writedowns – Reed put on sackcloth and ashes.

"One of the things I have been correctly criticised for is that the management [of the corporate division] has produced some pretty horrendous results," said the Citicorp chief. "We are guilty of having run the business a bit cavalierly," he added.

Reed's management changes, and a promise that his $1.7bn cost-cutting scheme is on track, gave Citicorp's depressed share price a boost. The effect of Bush's new policy of admitting times are tough has yet to be judged by voters.

The relative intellectual honesty of Wall Street, however, is quite another matter.

Many investors, both institutional and individual, have clearly made up their minds that economic recovery is coming in the latter half of 1992. That conviction, together with the desire to shift away from instruments such as bonds, commercial paper and certificates of deposit – all of them yielding less since last month's full-point cut in the discount rate – accounts for the rally that has been under way since late last month.

Trading volume has been heavy in recent days, up above the 300m share mark on two occasions this week. Meanwhile, the Dow Jones industrial average has risen by 12 per cent since the Fed's interest rate cut on December 20.

This is not the first time that lemming-like equity investors have gone on a buying spree that is based on the discounting of future economic recovery. It happened just 12 months ago, even as bombs were falling on Baghdad. At that time the rally was driven by confidence in the security and price of Gulf oil supplies, combined with predictions of a second half 1991 recovery.

The oil price stayed low, but the recovery failed to materialise. Now, with parts of the US economy apparently still contracting, the optimists are again making the running.

It may be that corporate America has seen the worst in recent quarters, and it may be that lower interest rates and an expected election year package of tax cut gimmicks will restore confidence to the US consumer, but few in finance and industry appear willing to recognise the economy's deep structural problems. One cannot help thinking that Wall Street's rally may be another example of the market's propensity for short-term, superficial behaviour.

Investment patterns in the troubled US banking industry offer slightly more in the way of logic. The fourth quarter results from banks such as Chase Manhattan, Bank of America, Security Pacific, Chemical Banking and even Citicorp included no new shocks, which was a comfort.

Bottom fishing has become quite the vogue, and where better to start than with Citicorp? Just before the interest rate cut last month 20, Citicorp's share price stood at a measly $8½. Jim McDermott, of analysts Keefe Bruyette, says worries about Citicorp were such that "last month you couldn't give the stock away at $8½." The bank's share price has underperformed the Standard & Poor's 500 index by about a third over the past 12 months, but has bounced back.

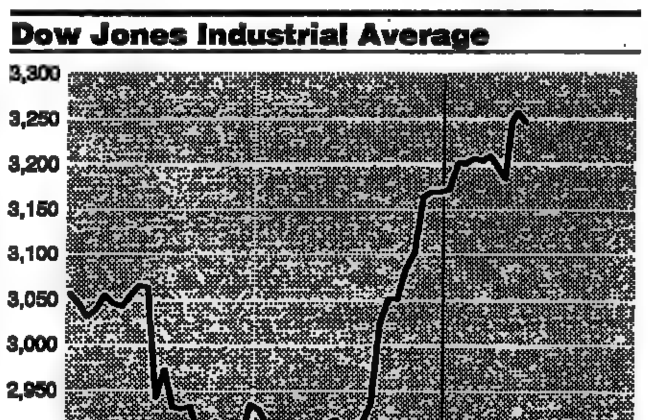
This week's announcements, including plans to divest itself of its remaining 49.7 per cent stake in Ambac, the municipal bond insurer, have helped Citicorp's share price to rise by more than 35 per cent over the past seven days.

Analysts say investors now see banks as recovery stocks that will outperform the market this year. The question that remains is how long it will take for the banking sector, like the rest of the US economy, to justify Wall Street's faith in the future.

| | | |
|---|---|---|
| Monday | [illegible] | – [illegible] |
| Tuesday | [illegible] | + [illegible] |
| Wednesday | [illegible] | + [illegible] |
| Thursday | 3249.56 | – 2.95 |

***Alan Friedman***

Dow Jones Industrial Average



Source: Datastream

The Bottom Line

# Lonrho tackles the tycoon-bashing factor

SINCE THE market has developed an appetite for tycoon-bashing, the one thing that Tiny Rowland's Lonrho cannot afford to do is unveil any surprises when it publishes its year end results on Thursday.

The shares of the international trading company traditionally perform strongly in the period between the September year end and the publication of the results in January. This is because of the high yield on the final and interim dividend, which are announced simultaneously.

Yet Lonrho's share price has recently fallen to a four-year low. It yesterday closed at 150p. Just over two years ago it stood above 300p. When Robert Maxwell died at the end of last year it was 250p.

The so-called "tycoon factor" is still Lonrho's greatest problem. Following the spectacular downfalls of Polly Peck, Brent Walker and the Maxwell empire, the stock market has become increasingly nervous about companies where one man dominates. Since November the market has been full of stories that Rowland, now 74, was ill and even that he had fallen out of a plane over Africa. As Paul Spicer, a Lonrho director, pointed out at the time, the rumours were all untrue.

There is still a great deal of concern about the lack of any obvious successor to Rowland.

One fund manager said: "Lonrho has an impressive record of increasing shareholders' funds. But there is a succession problem which was not helped by Rene Leclezio's appointment as chairman, and was made worse by Terry Robinson's departure to Union International". Robinson had been with Lonrho for 20 years and a director for 10 years. Rene Leclezio, aged 71, has been a Lonrho director for 15 years.

However, the tycoon factor, while important, is by not means the only problem facing Lonrho. The share price took a hammering at the end of last year when James Capel cast doubt on Lonrho's ability to maintain its dividend and pointed out the company's exposure to the recent sharp fall in rhodium prices.

The price of rhodium has fallen from a recent high of $7,000 (£3,910) an ounce to around $2,000. Lonrho owns a 75 per cent stake in Western Platinum, the South African mining company which produces 45,000 ounces of rhodium a year. A slump on such a scale could reduce Lonrho's gross earnings from rhodium by about £100m.

James Capel duly reduced its profit forecasts for Lonrho in the current year from £270m – last year's figure was £273m – to £240m. Other brokers followed suit, although Warburg Securities did not cut its £260m forecast.

Capel's has also drawn attention to the fact that the dividend of 16p a share last year was covered less than 1.5 times by earnings of 23.6p. The implied drop in earnings this year to around 21p could put the dividend at risk.

County Natwest has cut its payout forecast to 12p. Lonrho pays three dividends a year and analysts believe any change is more likely to affect 1992's first interim payment – 3p for the last three years.

Nonetheless, on balance most analysts do not believe that Rowland will be prepared to cut either the final or interim dividend. As one put it: "Tiny is a contrarian who will not want to be bludgeoned into cutting the dividend just because the market says he will."

The group also has significant levels of net debt and difficulties in generating cash from organic activities. The 1990 report and accounts show that Lonrho had net debt of £936m and shareholders' funds of £1.38bn. The net debt increased to £1.06bn and shareholders' funds to £1.4bn by the interim stage of the 1991 year. Warburg Securities has estimated that the debt will have risen to more than £1.1bn by the year-end.

Planned disposals, such as its 50 per cent stake in German freight forwarder Kuehne & Nagel and the Ashanti gold mine in Ghana, would help cut debt but have yet to materialise.

Lonrho is also expected to suffer a significant downturn in its motors division, which includes dealer Dutton Forshaw and Volkswagen/Audi distributor VAG in the UK, as well as assorted African interests. Here, pre-tax profits are expected to fall by about £10m to around £35m over the year.

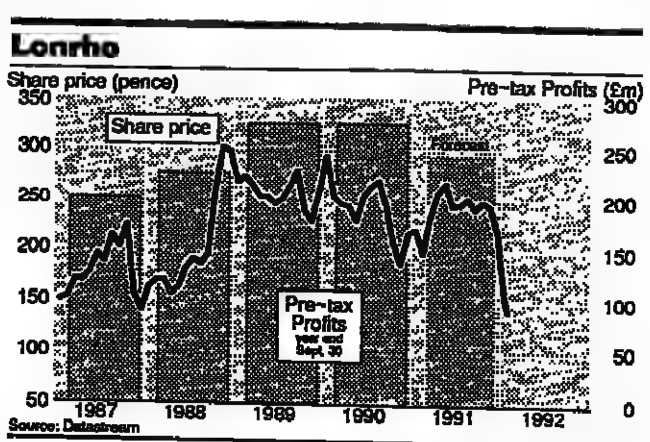
The group also needs to find a stream of UK earnings which is cash-generative. Lonrho is not making sufficient profits to offset against its advanced corporation tax (ACT). In the year to September 30 it had a contingent liability of £79m against ACT.

Thus its flirtation with buying Brent Walker's William Hill betting shop chain and brewery and later Mirror Group Newspapers. Both came to nothing, but they were highly revealing of Lonrho's thinking and problems.

Week Ahead: Page IV

***Roland Rudd***

Lonrho



Source: Datastream

FINANCE AND THE FAMILY

# Mortgage boost for first-time buyers

***David Barchard** assesses the latest cut in rates*

FIRST-TIME buyers now enjoy the most favourable conditions for entering the market in many years because of this week's decision by Abbey National, the second-largest mortgage lender, to cut interest rates again.

Abbey's special rates for first-time buyers range from 9.49 per cent on mortgages under £60,000 to 8.9 per cent on those over £100,000. It says they are its lowest since 1978 for this type of purchaser.

In addition, the government introduced legislation this week to remove the 1 per cent stamp duty normally paid on all house purchases under £250,000 before August 19.

John Bayliss, Abbey's managing director, says: "We want to get the first-time buyers back in the market. There is a huge backlog of people who haven't moved. All it needs is a bit of confidence and for commentators to stop writing gloom and doom." The other top lenders agree. Although Halifax and Nationwide were surprised by Abbey's cuts, it matched them within hours.

As the tables show, the cuts favour buyers of cheaper properties. Although people with big mortgages still get a better rate of interest, the difference between the top end of the market and the bottom has been nearly halved.

Halifax calculates that customers with £60,000 endowment mortgages will find their monthly payments dropping from £503.18 to £479.06. Repayment mortgage customers will pay £523.12 instead of £543.63.

The news for existing borrowers of the Big Three is not quite so good. The new rates will not apply to them for a full month. In the meantime, you can be sure that interest rates on deposits will fall. But the cuts have come in time to ensure that 2.6m customers on the Halifax Budget Plan, and other annually-adjusted mortgage payment schemes, will benefit.

Other building societies look certain to fall into line shortly. If your mortgage comes from a bank, however, you might have to wait. The TSB already has said it has no plans to cut its rates but others have the situation "under review." The centralised lenders probably will be even slower to reduce their variable-rate mortgages.

(Incidentally, if a lender announces that it is reducing its rate, look twice to see what this means in practice. In recent months, some centralised lenders have been announcing cuts which do not take effect for 2½ months).

Will the Big Three be able to sustain their cuts? The base rate has not fallen for some time and there have been fears that the government might have to raise it again. But Abbey appears to have decided that there will not be a base rate increase in the weeks ahead and that the Chancellor might well reduce it around Budget time in March.

Ian Darby, marketing director at mortgage broker John Charcol, says: "This is a good move by the societies but it has come about because of serious lack of business volumes. After some terrifying statistics about house price falls, lenders feel it is worth reducing their prices to prevent the market falling further."

Darby doubts, however, that the property market can be kick-started in this way. "We have seen the interest rates fall by 4 per cent and house sales volumes have decreased steadily as they have done so."

John Wriglesworth, housing market specialist at UBS Phillips & Drew, agrees. "The only thing that could kick-start the market is something more radical, like doubling the £30,000 mortgage interest rate relief for first-time buyers."

The trouble is that many potential buyers remain dubious about the future. With an election nearing, they are worried that a change of government might affect incomes.

The recession also is making many people concerned about the safety of their jobs. The threat of redundancy is by far the biggest constraint on the housing market, according to a survey of property valuers published by NatWest.

Such fears are especially strong in the south-east, and this week's jump in unemployment figures shows that people are right to be careful. But for those with the cash and the confidence to buy a house, conditions rarely can have been more favourable.

**Interest rate changes**

| | Amount | Old | New | First time |
|---|---|---|---|---|
| Abbey Nat | <60K | 11.55 | 10.99 | 9.49 |
| | 60-100K | 10.85 | 10.55 | 9.05 |
| | 100K | 10.60 | 10.40 | 8.90 |
| Nationwide | 30K | 11.50 | 10.99 | 9.49 |
| | 60K | 10.80 | 10.55 | 9.05 |
| | 120K | 10.50 | 10.40 | 8.05 |
| Halifax | 30K | 11.55 | 10.95 | 9.45 |
| | 60K | 10.80 | 10.55 | 9.00 |
| | 100K | 10.50 | 10.50 | 9.90 |

All rates percentages

**Monthly payment changes**

| | Amount (£) | Endowment (£) Old | Endowment (£) New | Repayment (£) Old | Repayment (£) New |
|---|---|---|---|---|---|
| Nationwide | 30,000 | 215.68 | 206.07 | 239.07 | 246.83 |
| | 60,000 | 472.50 | 461.57 | 519.27 | 510.13 |
| Halifax | 30,000 | 215.63 | 205.33 | 238.47 | 246.82 |
| | 60,000 | 479.06 | 503.13 | 523.12 | 543.63 |
| | 100,000 | 886.46 | 844.08 | 917.47 | 953.95 |

# Labour wobbles on National Insurance

LABOUR'S commitment to remove the upper threshold for National Insurance contributions – welcomed by many economists but unpopular with voters in marginal London constituencies – appears to have been watered down.

It is not clear exactly what Labour will do instead. Currently, you do not pay National Insurance contributions (charged at 9 per cent of income) on income above £20,700 per year. This means people with income above this level effectively pay a lower rate of tax, than those below it.

Labour has been committed for four years to abolishing the upper earnings limit. It has not made any secret of the fact that this would effectively add 9 per cent to the top marginal rate of tax paid by everybody with incomes above £20,700.

The Institute of Fiscal Studies described Labour's proposal as "a welcome reform to the UK personal tax system". In a report published yesterday, it showed that 86.2 per cent of families would not lose by this system. But in Greater London 20 per cent of families will lose, and in the rest of the South East 18 per cent.

Until this week Labour had not emphasised the fact that this rise in the National Insurance threshold could be phased in gradually. This possibility has now been stressed. Such provisions were in earlier policy documents, but the Conservatives have presented this as a change of policy.

Labour said abolition of the limit remained acommitment, adding: "There are a number of ways in which we could cushion the blow to personal incomes from a sudden increase in the rate of taxation. How we do so is for the Chancellor to decide in his first budget."

If your household income is above the threshold, but not by much, this is good news. It also suggests that it is unwise to change investments in advance of possible tax changes.

***John Authers***

# Lloyd's report leaves some Names still at a loss

SO. What's in it for a Name? *Lloyd's: A Route Forward*, the report published by the Lloyd's Task Force on Wednesday, has quickly been hailed as the most radical overhaul for the Lloyd's insurance market in its 300-year history. But it is less clear that it will have any great impact for those unlucky enough already to be Names with loss-making syndicates.

If you are already a Lloyd's Name – one of the wealthy individuals who provides capital backing for underwriters – or are considering becoming one, two questions are raised.

■ **Will the report help if you are already a Name?**

The proposals contain little comfort for Names facing heavy losses from past years. Tom Benyon, a campaigner for Names who are in financial difficulties, has already made his trenchant views known on this subject: "It's done nothing to help the injured names, of which there are 6,000. Many of them are in great financial difficulties already, and it is going to get worse this year. Names who are suffering this year ain't seen nothing yet."

The most significant proposal for existing Names is the possible escape route from "Open Years", or accounts which cannot be closed due to outstanding losses. The only problem is that the route should be at "a price which fairly reflects their outstanding liabilities".

Unfortunately, an exit route which does this would still be very expensive. The main proposal on this front concerns CentreWrite, which was created in July last year and at present works as a reinsurance agency for Lloyd's syndicates. The Report suggests it should offer reinsurance for Names with open years instead. Names could pay a premium to CentreWrite, which would then bear liabilities for any further losses on the open years.

This would be an advance on the present system of stop-loss insurance, under which premiums have often been criticised for being both high and inaccurately assessed. However, an accurately assessed premium to bear the risk of an open year will be expensive.

"If they can afford that they can probably afford the losses," said Mike Voller, Lloyd's specialist with the accountant BDO Binder Hamlyn, which advises about 1,000 Names. "I can't see an awful lot of people taking that out because of the level of premiums which is likely to be charged."

But Mark Farrer, chairman of the Association of Lloyd's Members, which represents 9,500 Names, was more positive about the proposal. He said: "I think the proposals for CentreWrite are going to be extremely useful for Names, because nobody at present is really prepared to assess the individual risk. I don't doubt that what is proposed is an excellent idea."

The proposal to allow open years – which are mostly burdened by pollution claims, which often take many years to come through – to remain open is bad news for existing Names who want to leave. While you are a member of a syndicate with an open year, you cannot walk away from being a Name, except by taking the expensive reinsurance route.

This proposal could, therefore, have the effect of tying Names in, to keep supporting underwriters for the next few years.

■ **Will it make it more attractive to become a Name next year?**

Provided the report's recommendations on limiting liability come into force in time for January 1993, virtually everyone seems to agree the answer must be "yes".

The high-level cap to limit excessive losses leaves the concept of unlimited liability intact, but only just. The proposal, which the Task Force hopes can be implemented in time for next January, is that losses will be limited to the total a Name puts forward in premiums for a year. The minimum level for this amount is £250,000.

Thus, Names could not lose more than the money they originally made available to the underwriters. But the fund would be cumulative and cover losses over four consecutive years which together exceed the limit. Lloyd's is still working on the precise details as to how the scheme would be put into operation.

The compensation would be paid by a compulsory levy on all Names equal to 0.25 per cent of their premium income limit. This limits the "up-side" of a Lloyd's membership, but scarcely by a significant amount. Although you are still taking a big risk, if you put up £250,000, you are at least able to treat this as "risk money".

That puts the potential downside of Lloyd's membership on a par with buying shares in a small company – you can lose all the money you put into the investment, but you cannot lose any more. Unlimited liability wold only remain if the fund could not meet the calls on Names, in circumstances which "threatened the continued existence of the market".

Another change which would make Lloyd's much more friendly to new Names is to set up Members' Agents Pooling Arrangements (or Mapas). This has been likened to a unit trust. Members' agents would pool all the syndicate participations of the Names they represented, effectively giving a greater spread of risk. Given that last year's losses were heavily concentrated on a few unlucky Names in a few syndicates, this would be a big plus for Lloyd's novices. It might deter those insiders who profit at present from their knowledge of the different underwriters.

Becoming a Lloyd's Name is still a decision which demands to be taken very seriously. It can only make sense if you are in the fortunate position of having £250,000 in free capital and are prepared to take the risk of losing all of it.

If you decide to become a Name, Clive Scott-Hopkins, of Towry Law, says that for married couples where one partner has most or all of the wealth, it makes sense for the less wealthy partner to be given the £250,000 and then become the Name. This is a handy way to limit liability.

***John Authers***

FINANCE AND THE FAMILY

# A red light on cheque clearing

IF YOU find your bank account on the verge of going into the red, trying to remedy the situation with a quick injection of funds will often fail.

The main barrier is the three-day clearing system through which the 10m cheques that are written every day in the UK are processed. This involves the physical movement of cheques transferred from the drawer's bank to the payee's bank.

Assume, for example, that a customer with a Barclays account writes a cheque to his friend, who has an account with National Westminster. The friend pays in the cheque at his branch and it is sent that night, together with its credit slip, to NatWest's London clearing department.

Overnight, the cheques are separated into those drawn on NatWest and those drawn on other banks. The latter, like the Barclays cheque, are sent to the Bankers Clearing House in Lombard Street, London, the following morning (day two). Those cheques drawn on NatWest are processed within the clearing department itself.

The cheques and credits at the Bankers Clearing House are exchanged, processed and put into bags at the end of day two to be taken to the relevant branch of Barclays. When it arrives on day three, Barclays will theoretically examine the cheque to verify the signature and authenticity. In practice, banks rarely find this worthwhile if the cheque is for less than £1,000.

The amount of the cheque would then be debited from the Barclays customer's account. However, it may not be until the following day (day four) that the payee finds he can draw on the credit at NatWest. The customer would have been better off paying the cheque into a branch other than his own – his account would then be credited on day three rather than day four.

If you have more than one account, you might think it would be quicker to shift money from one to another in order to avoid going into the red. However, a cheque drawn on your branch will be debited on that day but would not be credited into your other account until day three.

The money sits in the float of a bank as an "uncleared effect". Since it is estimated that there is some £10bn in uncleared effects, it is not surprising that "the float has been a basic source of banking income," according to Richard Tyson-Davies, head of public affairs at the Association for Payment Clearing Systems (APACS) the umbrella body for the industry.

Trying to shore up your account with cash can be just as ineffective unless you can pay it into your own branch. A reader complains of Barclays that "when you pay in cash to a branch other than your own, it takes two working days before you receive credit to your account. While I realise cheques have to be cleared, cash does not."

Barclays is not the exception but the rule. The other three of the Big Four, Midland, Lloyds and National Westminster, all take two to three to clear cash if it is paid into a branch other than the customer's. Midland says that its system does not distinguish between cash and cheque credits. Barclays, while arguing that its clearing system does differentiate, "is still unable to give same day value for deposits made at branches away from the main account."

The bank says that when cash is paid in at a branch other than the account holder's, a credit slip has to be filled in and this then runs through the same three day clearing cycle as a cheque. A same day service is available – but for a charge of £10 per transaction. "These days few people pay in cash," said a spokesman for Barclays, "and the majority of those that do, pay in to their own branch."

Those customers who disagree may like to know that of the banks, TSB and Abbey National will credit your account immediately wherever a cash deposit is made. Both use an on-line real-time system which makes available customer details through a centralised computer. By contrast, traditional banks operate through a branch network rather than through a central system. The downside is that cash debits from your account are made just as quickly.

Girobank also provides a quicker paying in service for cash. Cash deposits are recorded in the Post Office and are sent in an overnight pouch to Girobank's processing centre at Bootle, Merseyside. Your account will be credited the next day.

NatWest says that many people erroneously assume that cash is worth more to a bank than a cheque. "Cash is not worth anything when it is paid in unless we can use it," said a spokesman for the bank. "It takes 2½ days for the bank to get value from cash – we would have to make a commercial decision whether to give value to the customer rather than to ourselves."

TSB acknowledges that it developed its system out of necessity when it was a savings bank. Depositors could not be overdrawn and the bank needed a computerised system to keep track of their balances. "We think it brings tremendous benefits to our customers," said the bank.

Most building societies also operate an on-line service that allows them to credit and debit cash immediately, although cheques go through a slower process. Since few building societies are clearers, they use the services of one of the clearing banks.

Practice varies between building societies but many take 10 days before allowing you to draw on funds deposited by cheque on investment accounts, although interest will often start accruing on the amount from the night it is paid in.

*Scheherazade Daneshkhu*

## The Clearing System

### Day One

Customer at Bank A pays into his account a cheque drawn on bank B.

Cheques for customers at that branch of Bank A are retained, as are cheques encashed at that branch. Other cheques are sent at the end of the day to Bank A's London Clearing Department.

Cheques are divided overnight into those drawn on Bank A and those drawn on other banks. The latter are sorted into bundles for the other banks.

### Day Two

Cheques and credits drawn on other banks are sent in the morning to the Bankers Clearing House in Lombard Street, London.

The sorted bundles are exchanged, processed at the Clearing House and sent to the branches concerned.

### Day Three

Bank B receives the cheque, verifies its authenticity and debits the account.

The Week Ahead

# Sunday shopping may lift Budgens

ALL eyes this week will be on the results of Lonrho on Thursday. Shares in the conglomerate, which has wide ranging agricultural, manufacturing and leisure interests, have dropped from 230p in late November to 150p last night. Concern centres around the "tycoon factor" – the future of Tiny Rowland, the company's driving force. (See story on Page II).

Interim results from Budgens on Tuesday will be the first news on how things are progressing at the the food retailer, where institutional investors installed a new management team last April.

Analysts are expecting pre-tax profits of about £1m, and will be interested to hear how Sunday trading is holding up, now that other food retailers have clambered aboard the bandwagon which Budgens was one of the first to get rolling.

Newman Tonks, Europe's largest maker of architectural hardware, will report on Wednesday a steep drop in pre-tax profits for the year ended October. They are likely to fall to around £15m from £23.2m a year earlier.

The decline is no surprise given the abysmal UK housing market. However, its strength abroad, coupled with tight management, will have helped minimise the blow. Analysts are pencilling in a slight pick up for the present year.

## COMPANY NEWS SUMMARY

### TAKE-OVER BIDS AND MERGERS

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £ms** | Bidder |
|---|---|---|---|---|---|
| Prices in pence unless otherwise indicated | | | | | |
| AmBrit | 9½ | 9 | 8 | 6.23 | United Energy |
| Baker Harris ‡ | 71 | 67 | 63 | 9.33 | Herring |
| Cityvision | 48* ◆ | 51 | 25 | 57.9 | Blockbuster UK |
| Do. 6.5% Cnv Pf | 80* ◆ | 89 | 66 | 7.1 | Blockbuster UK |
| New England Pr ‡ | 17¶§ | 16½ | 14 | 11.31§ | TR Prop Inv Tst |
| Security Archives | 276* | 274 | 234 | 17.66 | Brambles Inds. |
| Steetley | 404 | 384 | 274 | 631.36 | Redland |
| Sterling Trust | 41¶§ | 65 | 56 | 10.79☆ | Robert Fraser |
| Thornton (G.W.) | 228 | 203 | 203 | 14.98 | Bromsgrove Inds |
| Wicking Office Eq | 19 | 13 | 27 | 3.55 | Pentos |

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 17/1/92. †At suspension. §§Shares and Cash. ◆ For 70.16% not already owned. ◆ Or alternative of 1 Blockbuster share valued at 60p for each Cityvision ord. share, and at 80p for each Cityvision pref. share. ☆ For 49.8% not already owned.

### PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Burndene Investments | Sept | 4,030 | (3,610) | 29.3 | (24.9) | 5.5 | (5.5) |
| Crown Communications | Sept | 8,790 L | (611) | - | (-) | - | (1.6) |
| Davenport Vernon | Sept | 1,450 | (1,960) | 7.3 | (10.3) | 4.0 | (4.0) |
| [illegible] Int'l. | Oct | 7,150 | (13,200) | 10.6 | (19.8) | 7.2 | (7.05) |
| Evode Group | Sept | 7,300 | (15,200) | 3.8 | (11.4) | 3.55 | (5.42) |
| First Leisure | Oct | 30,400 | (29,200) | 15.87 | (15.62) | 5.695 | (5.05) |
| French (Thomas) | Sept | 753 | (368) | 4.41 | (1.93) | 3.625 | (3.625) |
| Group Development | Sept | 561 | (451) | 0.23 | (0.19) | 0.24 | (0.2) |
| Hewtin | Sept | 1,400 | (1,500) | 1.71 | (1.75) | 0.86 | (0.825) |
| Jennings Brothers | Sept | 395 | (335) | 12.0 | (8.5) | 4.5 | (4.05) |
| London Scottish Bank | Oct | 3,100 | (3,800) | 4.6 | (5.3) | 2.75 | (2.75) |
| Lookers | Sept | 3,210 | (6,450) | 2.1 | (16.8) | 6.2 | (6.2) |
| Lowe (Robert H) | Oct | 297 L | (1,260L) | - | (-) | - | (-) |
| Microgen Holdings | Oct | 7,300 | (8,500) | 12.2 | (13.5) | 7.0 | (7.0) |
| Newcastle Building | Dec | 12,500 | (11,200) | - | (-) | - | (-) |
| PWS Holdings | Sept | 2,660 | (2,670) | 9.2 | (9.5) | 4.0 | (3.5) |
| Selective Assets | Dec | 2,930@ | (2,690@) | 1.4 | (1.76) | 0.825 | (0.75) |
| Southern Business | Sept | 14,400 | (14,000) | 10.07 | (9.67) | 2.94 | (2.58) |
| Stakis | Sept | 47,400 L | (30,600) | - | (12.00) | 0.9 | (2.7) |
| Technology Hldgs | Jun | 5,300 | (3,500) | - | (-) | 8.1 | (-) |
| TSB Group | Oct | 47,000L | (312,000) | - | (13.4) | 6.4 | (6.4) |
| Witan Investment Tst | Dec | 26,300‡ | (25,300‡) | 5.67 | (6.4) | 5.3 | (4.75) |

### INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Aerospace Eng. | Oct | 271 L | (1,380) | 0.6 | (1.58) |
| Asda Group | Nov | 10,100 | (68,400) | 1.25 | (1.86) |
| Barbour Index | Oct | 2,780 | (2,660) | 2.4 | (2.2) |
| Beales Hunter | Nov | 1,200 | (1,110) | 2.3 | (2.2) |
| British Bloodstock | Sept | 412 L | (309 L) | - | (-) |
| Bucknall Group | Oct | 762 L | (542) | - | (1.3) |
| Chartwell Group | Sept | 41 | (564) | - | (-) |
| Colorvision | Sept | 545 L | (148) | 3.1# | (-) |
| Dalepak Foods | Oct | 1,710 | (1,200) | 1.5 | (1.2) |
| Debenham Tewson | Oct | 727 | (2,050) | 1.0 | (2.4) |
| Ellis & Everard | Oct | 7,600 | (10,600) | 2.25 | (2.25) |
| Excalibur Group | Oct | 2,010 | (2,050) | 0.4 | (0.4) |
| Exmoor Dual Inv Tst | Nov | 257 † | (256 †) | 2.5 | (2.45) |
| First Spanish Inv. | Nov | 270† | (347†) | - | (-) |
| Fletcher King | Oct | 106 | (433) | 0.5 | (1.5) |
| Hampson Industries | Sept | 1,620 | (2,540) | 0.6 | (0.5) |
| Howden Group | Oct | 5,810 | (214) | 0.7 | (1.58) |
| Investment Company | Sept | 582 | (589) | 0.375 | (0.375) |
| Jacques Vert | Oct | 125 L | (1,230) | 2.0 | (4.0) |
| [illegible] | Sept | 469 L | (6,800) | 0.5 | (2.0) |
| Nobo Group | Oct | 62 | (1,250) | 1.0 | (2.42) |
| Norbain Electronics | Oct | 33 | (205) | - | (-) |
| Northern Industrial | Sept | 215 | (220) | n/a | (7.0) |
| Pelican Group | Sept | 131 | (71) | - | (-) |
| Pape Group | Sept | 3,090 | (3,570) | 2.0 | (2.5) |
| Power Corp. | Sept$ | 5,100 | (6,660) | 2.0 | (1.9) |
| [illegible] | Sept | 846 L | (1,080) | - | (0.75) |
| Real Time Control | Sept | 507 | (601) | - | (-) |
| Stanley Leisure | Oct | 3,730 | (3,500) | 1.9 | (1.8) |
| Tomkins | Sept | 48,700 | (31,200) | 3.22 | (2.8) |
| Wyke Group | Oct | 279 | (1,420) | 1.4 | (1.4) |
| Zetters Group | Sept | 451 | (372) | 4.0 | (1.75) |

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † = Net revenue. $ = This years figures for nine months quoted in Irish pounds & pence. # = Second interim dividend. ‡ = Revenue before tax. @ = Total income.

### RIGHTS ISSUES

Beales Hunter is to raise £5.08m via a 1-for-3 rights issue at 220p.
Bromsgrove Industries is to raise £10.75m via a 1-for-4 rights issue at 105p.
Clarke Foods is to raise £6.8m via a 2-for-3 rights issue at 60p.
Drummond Group is to raise £2.5m via a 1-for-2 rights issue at 35p.

### OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Wood (John) Group is placing £8.3m-worth of convertible preference shares with 13 institutions.

### RESULTS DUE

| Company | Announcement due | Dividend (p)* Last year Int. | Last year Final | This year Int. |
|---|---|---|---|---|
| FINAL DIVIDENDS | | | | |
| Cardiff Property | Friday | 0.85 | 1.55 | 0.85 |
| Central Motor Auctions | Tuesday | 1.0 | 2.6 | 1.0 |
| City Site Estates | Friday | 0.96 | 0.96 | 0.96 |
| Denmans Electrical | Thursday | 1.65 | 4.0 | 1.65 |
| Derby Trust | Thursday | 7.84 | 9.8 | 8.34 |
| Eurocopy | Tuesday | 1.1 | 2.9 | 1.1 |
| Greenfriars Investment Co. | Friday | 2.0 | 3.5 | 2.1 |
| Hill & Smith Holdings | Thursday | 1.95 | 3.75 | 2.1 |
| Intercare Group | Monday | - | 1.25 | 0.5 |
| London & Clydeside Holdings | Wednesday | 1.8 | 5.2 | 1.8 |
| Lonrho | Thursday | 3.0 | 5.0# | 3.0 |
| Macarthy | Thursday | 5.0 | 7.5 | 5.0 |
| Newman Tonks Group | Wednesday | 3.8 | 5.5 | 3.8 |
| Olim Convertible Trust | Tuesday | 3.75 | 4.4 | 4.0 |
| RCO Holdings | Wednesday | 3.5 | 7.0 | 4.2 |
| Wheway | Monday | 1.0 | 2.0 | 1.0 |
| Whitney | Monday | - | - | - |
| INTERIM DIVIDENDS | | | | |
| BCE Holdings | Tuesday | - | - | - |
| Birse Group | Tuesday | 1.65 | 3.65 | - |
| Budgens | Tuesday | - | - | - |
| Cantors | Tuesday | 1.0 | 3.0 | - |
| Clark (Matthew) | Tuesday | 5.75 | 8.25 | - |
| Cook (DC) Holdings | Thursday | - | 1.0 | - |
| Daejan Holdings | Tuesday | 8.0 | 16.0 | - |
| Geared Income Inv. Tst. | Thursday | 1.6 | 1.75# | - |
| Investors Capital Trust | Friday‡ | 1.25 | 1.27 | - |
| Jarvis Hotel Group | Tuesday | 2.0 | 4.0 | - |
| McKay Securities | Wednesday | 3.0 | 5.4 | - |
| Mitie Group | Thursday | 1.0 | 1.0 | - |
| Osprey Communications | Friday | 1.35 | 1.55 | - |
| Park Food Group | Thursday | 2.3 | 5.7 | - |
| Proteus International | Thursday | - | - | - |
| Ransom (William) & Son | Thursday | 0.52 | 1.15 | - |
| Reject Shop | Tuesday | 1.05 | 2.1 | - |
| Resort Hotels | Monday | 1.2 | 2.2 | - |
| Trewlen Holdings | Tuesday | - | 1.0 | - |
| Wood (John D) & Co. | Tuesday | 1.0 | - | - |

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = First quarter figures. # = Second interim dividend.

Diary of a Private Investor

# Takeovers hit right key

*Small companies were a boon in 1991, says **Kevin Goldstein-Jackson***

JANUARY is a good time for reviewing a previous year's investments and digesting the lessons. Somewhat surprisingly, 1991 turned out to be quite good for takeovers and I benefited from three – all small companies.

I first became attracted to Herrburger Brooks, a piano keyboard manufacturer, in 1985. I felt that its specialist industry provided scope for rationalisation. Also, the company was small enough for an entrepreneur to consider using it as a "shell" to expand into other activities. I paid 60p a share for my investment. In May 1991, I accepted a takeover offer of 220p from Kimball International.

For similar reasons, in 1988 I paid 120p for shares in Flexello Castors. In June 1991, I accepted the takeover price of 130p from a Japanese company, Nansin. The offer was rather miserly but there were no signs of any rival (and better) bidders and Flexello's performance had been disappointing.

Another Japanese company, Sankyo Seiko, made a successful takeover bid for DAKS Simpson, the up-market department store and clothing group in London's Piccadilly. I first bought non-voting shares in this company in 1988 for 430p because I liked the store and its attentive staff. I had noted also that it appeared to be popular with Japanese tourists. Sankyo Seiko's March 1991 cash offer was 585.5p for my "A" ordinary shares. I accepted.

These three successful takeover bids re-affirmed my faith in small-company investment and I shall continue to acquire shares in such concerns.

The Japanese takeover of DAKS Simpson also made me follow my wife's 1986 example and buy shares in Liberty, another retail store in London's West End. Early in 1991, she increased her holding via a Personal Equity Plan. I bought shares for my personal pension scheme, paying 445p for the voting shares and 240p for the non-voting.

Like DAKS Simpson, Liberty has an up-market image, is popular with the Japanese and also has an association with Japan – a company owned jointly there with Seibu Department Store.

Early in September, it was announced that Bryan Myerson, a South African stockbroker who assisted in the Japanese bid for Aquascutum in 1990, had acquired a shareholding in Liberty. The company's voting shares are now around 650p and the non-voting 433p. My wife and I still retain ours and await further developments.

The year was not without disaster, though. I discussed the horrors of my investment in Gresham House last year. Fortunately, my pension scheme's purchase was limited to 1,500 Gresham shares (albeit at 300p) in March. The belief was that this investment trust's assets were worth at least twice its share price.

A number of its investments turned sour, however, and the Gresham shares now languish at less than 20p. I should have sold them – for 80p or so – immediately the bad news about the fall in its assets was announced at the end of June. But I held on, hoping that the massive write-offs would attract a takeover bid.

Gresham House has such a low market capitalisation that, hopefully, there will be it will attract takeover attention – or, at least, changes in its board of directors.

The Gresham experience also highlights the importance of knowing when to sell. Another company where I missed the "sell by" date was Premier Consolidated Oilfields. Living in Dorset – not very far from Wytch Farm, the largest onshore oilfield in Europe – I believed that Premier (which had a significant interest there) ought to see its share price increase when the field neared its full annual production level. As a relatively small concern, I thought Premier had takeover potential and might appeal specially to a French company.

Sadly, Premier – despite Wytch Farm's success, its overseas oil exploration interests, and its increased profits – has fallen from a high of 58p in 1991 to around 27p now.

Some of my timing was spot-on, though; take A. & C. Black, a small company which publishes *Who's Who* plus many reference and childrens' books. Over the year, I have been "in and out" of this company several times, getting useful profits.

Another timely sale was my pension fund's disposal in July 1991 of its remaining shares in Television South West, for 82p. In October, the Independent Television Commission announced it would not be renewing the company's franchise. The shares are now around 46p.

Away from the stock market, my best-performing investment continues to be a share in the West End musical *Forbidden Planet*, which is now in its third year and is showing a profit of £1,080 for every £1,000 invested in July 1989 – with the hope of more to come.

Investing in theatrical ventures is very risky, which is why I remain selective as to which shows I back. Anyone considering such an investment can obtain further information from the Society of West End Theatre, Bedford Chambers, The Piazza, Covent Garden, London WC2E 8 HQ.

My wife and I retained our maximum £10,000 holdings in premium bonds throughout 1991 but the returns have continued to be pathetic. I had four wins of £50 each and one of £100 (total £300), while my wife collected 15 prizes of £50 (total £750). Both of us would have fared better by putting our money in a bank and drawing the interest – but we both keep hoping for a big win. At least the returns are tax-free – an important consideration bearing in mind the possibility of a Labour government increasing taxes on investment gains.

We achieved one good tax-free return from my wife's £5,000 investment in index-linked National Savings certificates. These reached their five-year maturity in August and she got £8,258.74. Even with the lower levels of inflation in the UK, index-linked certificates look to be a good longer-term investment, especially given political uncertainties.


# BCCI payouts are nearer

THE LIQUIDATION this week of the Bank of Credit and Commerce International means that the process of compensating depositors can start at last.

Under the UK's deposit protection scheme, sterling depositors can claim 75 per cent of their money up to a maximum of £15,000. This means that someone with £12,000 in his account will receive £9,000 but those with more than £20,000 will get no more than £15,000. Those whose deposits were not in sterling are not covered by the scheme, even if their accounts were held in the UK.

Last July, the Deposit Protection Board (DPB) sent 40,000 claim forms to those with sterling deposits held with BCCI in the UK. (In fact, the liquidators later calculated that the number of depositors is 32,000, the higher figure resulting from duplication of accounts).

Only 12,500 have been returned so far and 10,000 have been processed. Anyone who has not received the form should telephone the board's helpline on 071-601-3050. Those who have yet to complete it should do so immediately and return it to the board at 19 Old Jewry, London EC2R 8HA.

Compensation payments cannot be made until depositors have also registered their debt with the liquidators in accordance with a provision in the Banking Act. This means filling in another form, which will be sent to depositors within a week by the four partners at Touche Ross who have been appointed joint liquidators.

*Deposits that were not in sterling will not be covered*

They stress that creditors should "take no action until they receive an official communication." These forms could not be sent out earlier because Touche Ross acted only as provisional liquidator pending BCCI's formal wind-up. Once the DPB receives confirmation about the eligibility of depositors, compensation payments can start to be made. This could be within a couple of months.

Compensation will be paid to individual depositors. If one depositor had seven accounts, he would still be eligible for only 75 per cent of their total. But in the case of a joint account, each individual would be eligible for compensation.

Creditors who accepted the £3,000 emergency payment provided by the Bank of England will find this sum deducted from their compensation. Meanwhile, the liquidators are still negotiating with the government of Abu Dhabi about additional compensation.

Touche Ross says the plan is to pay those eligible globally by up to 40 per cent of their deposits. However, the DPB would be entitled first to the amount it had paid out. In other words, if someone in the UK had deposits of £100,000 in BCCI, he would have received the maximum £15,000 from the DPB. A further £40,000 would become available, assuming the talks with the Abu Dhabi government come to fruition.

The DPB would be entitled to £15,000 of this and the customer would receive £25,000, bringing his total compensation to £40,000. The liquidators hope to conclude the deal with Abu Dhabi by the end of the month.

Scheherazade Daneshkhu

# More BES offers

THE Business Expansion Scheme is back, write John Authers and Paul Cheeseright.

New offers include: Auction Raider, a "scavenging" company from Neill Clerk, which will buy repossessed properties at auctions; Cavendish Home Investments, sponsored by Smith & Williamson, which will buy properties as part of a mortgage rescue scheme for The Mortgage Corporation; Kerrington Developments III, a North London property company sponsored by Johnson Fry; London Repossessions Fund, sponsored by Close Brothers, which will buy repossessed homes within the M25 area, and Johnson Fry Cash Backed High Growth Scheme, which will buy accommodation for the University of Ulster. This has tried to address worries about the security of BES companies by arranging for the university to buy a five-year Certificate of Deposit to cover all liabilities to BES shareholders.

There is also one trading company – Racom Electronics, a Newbury-based company specialising in car alarms and electronic systems. It is now rare for manufacturers to use the BES, but Racom plans to raise the maximum £750,000 permitted, without a sponsor. It is already trading, and in the financial year to March 1991, it made pretax profits of £48,000 on turnover of £3.15m.

## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

| Company | Shares | Value | No of directors |
|---|---|---|---|
| SALES | | | |
| BAA | 10,000 | 55 | 1 |
| BAT | 49,973 | 310 | 1 |
| BOC | 5,300 | 32 | 1 |
| Brown (N) | 58,750 | 130 | 1* |
| BTR | 50,000 | 202 | 1* |
| Hanson | 9,675 | 20 | 1 |
| Helical Bar | 9,000 | 12 | 1 |
| Jeyes | 175,000 | 732 | 3 |
| Mercury Asset Mngmt | 100,000 | 347 | 1 |
| Oriel Group | 50,000 | 73 | 1 |
| Sainsbury (J) | 4,400 | 15 | 1 |
| Salvesen (Ch) | 1,039,419 | 2,515 | 1 |
| Steel Burrill Jones | 17,000 | 52 | 1 |
| Transworld Coms | 100,000 | 73 | 1 |
| Wellcome | 1,400 | 16 | 1 |
| PURCHASES | | | |
| Ass Brit Engin'ing | 500,000 | 10 | 1 |
| Carclo Engineering | 40,000 | 59 | 1 |
| Cookson Group | 93,635 | 96 | 1 |
| Lopex | 40,000 | 18 | 1 |
| Nichols, JN (Vimto) | 7,500 | 23 | 1 |
| Strong & Fisher | 100,000 | 34 | 1 |
| United Fr'ndly Ins A | 6,000 | 32 | 6 |
| Usborne | 75,000 | 10 | 1 |

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 6-10 January1992.

*Source: Directus Ltd, Edinburgh*

JUST AFTER Christmas we noted the very substantial volume of buying by directors during December which, when combined with the dismal state of the market, led us to suggest that the market was overdue for a recovery. That is precisely what has happened, but judging from this week's table it may prove short-lived.

Two sales of 50,000 shares at 347p by Stephen Zimmerman, deputy chairman of Mercury Asset Management, follow a pattern of steady selling by directors since interim results were announced in mid-November. Mercury Asset Management, which is 75 per cent owned by S G Warburg, has benefited from last year's more buoyant stock market conditions.

Christian Salvesen, the Scottish-based distribution group, has weathered the recession well: the shares have risen by 50 per cent over the last year. Andrew Salvesen, a non-executive director, and part of the founding family, has sold more than 1m shares at 242p, close to its all-time peak.

Back in March last year five directors of Strong & Fisher, the leather producer, bought shares at 25p. The shares have risen sharply since then, but Geoffrey Andrew, a non-executive director, has bought a further 100,000 at between 33p and 34p.

Angus MacDonald
Directus Ltd

FINANCE AND THE FAMILY

How to . . . get the right life cover (Part I)

# The bright side of life

YOU ARE probably groaning already. Thanks to salesmen, most people know how to buy life insurance. Over-selling has given the product a bad name.

But that does not mean that the product is not worth having. Just make sure you do not wait until a salesman contacts you before buying life cover. Work out your own requirements. Then decide which cover, if any, is the most appropriate for you. Finally, go to an independent intermediary, who can look for the best rate.

The life industry is fiercely competitive, so shopping around will always be worthwhile. Also, make sure to check how much life cover you have through your employer. Many companies will insure your life for two or three times salary, which reduces your need for extra cover.

There are two events in your life when you will probably most need cover – when you buy a house, and when you become a parent.

Mortgage lenders are not happy about lending money if they have to bear the risk that you will die before it is paid off. In any case, you will want to buy life cover for at least the cost of the house.

Once you have children, it would be irresponsible not to cover your life. Quite how much cover you need is a moot point, however, and the best way to approach it is to work out how much money your children would need to continue their lifestyle if you were to die.

There are other uses for life assurance products in more complicated financial planning packages – but this article assumes that all you want to do is cover your life.

Life products come in three basic forms:

■ Term Assurance is the most similar to a straightforward general insurance contract. You insure against dying within a fixed term of years. If you survive the term, the insurance company pockets all the premiums you have paid in. If you die, the company pays your next-of-kin an amount agreed at the beginning of the policy.

■ Whole-of-Life Assurance, as its name implies, lasts for the whole of your life. This makes it a very different beast from general insurance, because there is no "risk" involved as to the final pay-out – the underwriters know you are going to die, and that some time sooner or later they will have to pay out. Unlike term assurance, you can cancel a whole-of-life policy and recoup some of the money paid in as premiums.

■ Endowments have elements of both. They cover your life for a fixed term, like term assurance. But they guarantee to pay you the sum assured at the end of the term, even if you are still alive. Life companies invest the premiums for a profit, so it soon became the custom to pay out the sum assured along with the profits made on it at the end of the term. This led to the term "with-profits". Unit-linked endowments are also available.

Which is the most appropriate? If you want to protect your children, then the straightforward term assurance is the best bet. With luck, they will be over the age of 50 before you die, and will not be in great need of a pay-out from a whole-of-life policy. Term assurance allows you to cover only the vital period before they gain their financial independence.

The gap in premiums paid for term and endowment policies is large. For example, from Pearl Assurance, the monthly premium for a 29-year-old man taking out 25-year term insurance for £50,000 is £18, or £21.50 if he smokes. The premium for the same man to take out the same amount of cover via an endowment would be £62.50.

Endowments often turn out to be a good investment, but that is no reason to take on extra outlay when you will probably be spending a lot on such items as nappies and baby food.

So all you need to do is insure yourself against dying within a certain term. Working out the precise term is a difficult and personal decision. The rules of thumb used by Peter Hargreaves, of Hargreaves Lansdown, are to look for about a 15-year term for the mother, as children above this age are not liable to need expensive nannying and supervision. For the higher earner – mother or father – he suggests an 18-year term, which should see the children through until they leave school.

Insurance companies are unlikely to leave it as simple as this. For example, you can take out two individual policies, or joint life assurance, which pays out on the first death. This might be a cheaper alternative – seek quotes for both.

Then, you might opt to take the cover in the form of a regular income, rather than one lump sum. Either option might make sense – again, get your broker to obtain quotes.

Decide how much you can pay in the next few years. It is not always a good idea to go for the cheapest offer, as it might cost more in the long run. But if your cash flow is a problem, insurers do offer low-start policies.

The options might include:

■ Taking out insurance only for a short term (for example five years), putting up with the fact that premiums will be slightly higher when the next term starts in five years' time, and that you will not be able to take out cover if your health has declined significantly.

■ Convertible term assurance, which insures you for a short term but give you the right to convert into an endowment or a whole-of-life policy. You have guaranteed reinsurability – if you become uninsurable (for example because of a heart attack) during the first five-year term you can still take out more insurance.

■ Renewable term cover, also buys guaranteed reinsurability, and the right to continue term assurance without having a medical test. Several advisers, such as Mark Bolland, of Chamberlain De Broe, are keen on this option as a more long-sighted way of saving cash flow.

The renewable option certainly starts cheaper. According to Baronworth, an Ilford-based independent adviser, the best rate for a 29-year-old non-smoking man taking out 25-year cover of £50,000 is £6.60 per month from Premium Life. However, this is a renewable contract – and it might increase after five years. Other strong renewable offers come from Albany Life (£10 premium for £62,992 cover) and Legal & General (£10.60 for £50,000).

The cheapest fixed-rate cover came from Permanent (£10.20), followed by Norwich Union (£11.70) and Commercial Union (£12.00). If you can, take out insurance for the full term you require from the beginning.

Follow these guidelines and you will have fulfilled your responsibilities to your family. Whatever you do, do *not* confirm the old salesman's adage: "Life insurance isn't bought – it needs to be sold."

■ *Next week: How to cover your life when taking out a mortgage.*

***John Authers***


# Final call for power shares payment

INVESTORS in National Power and Powergen, the two electricity generating companies, will have received letters this week asking them to pay the second and final instalments on their shares.

Most investors received 300 shares in last year's flotation, split in the ratio of 186 National Power to 114 Powergen. The amount you pay will depend on whether you opted for the discount, or the bonus shares, at the time of the offer. Those who opted for the bonus will have to pay the full instalment of 75p per share – a total of £225 on a typical 300 share allocation.

If you opted for the discount, you will save 14p per share, which means that the typical investor will have to pay £183, a saving of £42.

Payment, which must be made by cheque, should be sent to the address shown on the notice. Separate cheques must be sent in respect of each company and of each family member who holds shares.

If you have not paid by February 4, you could lose your rights to the shares and the incentives. You will receive a refund of only your original payment of 100p per share – and lose your subsequent profits. To allow time for the cheques to clear, make sure they arrive by January 30.

Those who want sell their shares without paying the second instalment must do so before January 27, when the shares start trading in their full-paid form.

Anyone who owns generator shares and has not received their instalment demand, or who has a detailed query, can call the registrars of the companies on helplines. For National Power, call Lloyds Bank on 021-433 4466; for Powergen, call National Westminster Bank on 0272-465511.

***Philip Coggan***

THE BEST RATES FOR YOUR MONEY

| | Account | Telephone | Notice/ term | Minimum deposit | Rate % | Int. paid |
|---|---|---|---|---|---|---|
| **INVESTMENT A/C's and BONDS (Gross)** | | | | | | |
| Southdown BS | SuperSaver | 0273 471671 | Instant | £1 | 10.25% | Yly |
| Norwich & Peterborough BS | Postmaster | 0733 371371 | Instant | £1,000 | 11.30% | Yly |
| Coventry BS | Instant Option | 0203 252277 | Instant | £40,000 | 11.55% | Yly |
| Northern Rock BS | Eclipse | 091 285 7191 | 60 Day | £50,000 | 11.61% | Mly |
| Birmingham Midshires BS | Final Class | 0800 444109 | 90 Day | 100,000 | 12.30% | Yly |
| Heart of England BS | Election Bond | 0926 405488 | Elec Day | £5,000 | 12.00% | OM |
| Skipton BS | Triple Crown Bond | 0756 700500 | 30.4.92 | £10,000 | 12.60% | Yly |
| Lancastrian BS | High Interest Acc | 061 834 5382 | 31.1.93 | £25,000 | 12.50% | OM |
| **TESSAs (Tax Free)** | | | | | | |
| Allied Trust Bank | | 071 626 0879 | 5 Year | £9,000 | 13.24% | Yly |
| National Counties BS | | 0372 742211 | 5 Year | £3,000 | 13.10% | Yly |
| Lambeth BS | | 071 928 1331 | 5 Year | £20 | 12.90% | Yly |
| Darlington BS | | 0325 487171 | 5 Year | £1 | 12.90% | Yly |
| **HIGH INTEREST CHEQUE A/Cs (Gross)** | | | | | | |
| Caledonian Bank | HICA | 031 556 8235 | Instant | £1 | 10.00% | Yly |
| UDT | Capital Plus | 0734 580 411 | Instant | £1,000 | 9.90% | Qly |
| Chelsea BS | Classic Postal | 0242 521391 | Instant | £10,000 | 10.70% | Yly |
| | | | | £25,000 | 11.20% | Yly |
| Northern Rock BS | Current Acc | 091 285 7191 | Instant | £25,000 | 10.57% | Mly |
| **OFFSHORE ACCOUNTS (Gross)** | | | | | | |
| Portman Channel Islands | Channel Isle Acc | 0481 822747 | Instant | £500 | 10.20% | Yly |
| C & G Channel Islands Ltd | Guernsey Gold | 0481 715422 | Instant | 100,000 | 11.50% | Yly |
| Alliance & Leicester (IOM) | Manximum 90 Day | 0624 663566 | 90 Day | £25,000 | 11.00% | Yly |
| Yorkshire BS Guernsey | Key Extra | 0481 719895 | 180 Day | £50,000 | 12.25% | Yly |
| Bristol & West Intl Ltd | Intl Bond II | 0481 720609 | 30.11.92 | £50,000 | 12.50% | OM |
| **GUARANTEED INCOME BONDS (Net)** | | | | | | |
| Prosperity Life FN | | 0800 521546 | 1 Year | £25,000 | 9.30% | Yly |
| Liberty Life FN | | 081 440 8210 | 2 Year | £25,000 | 9.00% | Yly |
| Prosperity Life FN | | 0622 690555 | 3 Year | £25,000 | 9.20% | Yly |
| Liberty Life FN | | 081 440 8210 | 4 Year | £25,000 | 9.10% | Yly |
| Canada Life FN | | 0707 51122 | 5 Year | £50,000 | 9.25% | Yly |
| **NAT SAVINGS A/Cs & BONDS (Gross)** | | | | | | |
| | Investment A/C | | 1 Month | £5 | 9.50% | Yly |
| | Income Bonds | | 3 Month | £2,000 | 10.25% | Mly |
| | Capital Bonds C | | 5 Year | £100 | 11.50% | OM |
| **NAT SAVINGS CERTIFICATES (Tax Free)** | | | | | | |
| | 36th Issue | | 5 Year | £25 | 8.50%F | OM |
| | 5th Index Linked | | 5 Year | £25 | 4.50% + Infln | OM |
| | Childrens Bond F | | 5 Year | £25 | 11.84% | OM |

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross.
Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity, N = Net Rate, B = Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, [illegible], Norwich.

# Darts beat the experts

THE DIRECTORS are still in front, but it has been a very poor period for our portfolios. In July, we used four methods to construct portfolios for the private investor. After three months, three portfolios were making profits and beating the FT-A All-Share Index. But after six months, all four are losing money and are lagging behind the All-Share, which dropped just 2.7 per cent over the period.

To the amateur investor, the most encouraging news must be that the experts' portfolio has now fallen behind the dartboard portfolio, which was chosen by throwing darts at the share price pages of the *Financial Times*, making a random selection of shares.

The dartboard portfolio was the best of the four over the October to January period, despite the presence of TVS Entertainment, the television group which has lost its franchise. The 84 per cent decline in TVS's share price is largely responsible for the decline in the value of this portfolio.

A number of investment trusts gave the dartboard portfolio stability and some useful income. However, one change has had to be made. Precious Metals Trust has been wound up and the proceeds were reinvested, at the behest of the darts, in EMAP, the printing and publishing company.

The selections of the experts, a mixture of analysts and private client stockbrokers, suffered because of two stocks – Hillsdown and Tarmac. The demerger of Vodafone from Racal Electronics means that there are 11 stocks in this portfolio.

The lead of the directors' portfolio has been achieved despite one or two handicaps. The shares were acquired not on the day the directors bought them, but just before the purchases were tabulated by Directus in the *Weekend FT*.

The result was that many of the shares were bought after their prices had already risen in reaction to news of the purchases. Nevertheless, we wanted to buy the shares at the same price as a private investor using the Directus table might do so.

Again, losses on two particular stocks, ADT and Albrighton, were largely responsible for the portfolio's decline. However, the October-January period was still disappointing, with the group showing a 15 per cent decline over the period.

But the biggest disaster has to be the high yield portfolio, down 18 per cent in six months and 20 per cent over the last three. The fact that a stock has a high yield inevitably means that it carries a high risk – as investors have discovered at the Lep group, Ratners and TVS, all of which have fallen more than 80 per cent.

The rationale for choosing a high yield portfolio is based on the hope that the markets will have over-estimated the risks. If companies can maintain their dividends, in spite of market fears, then investors will profit both from the high income and from a capital gain.

So far, although the portfolio has the highest income and, in Anglia TV, the single best performing share of the four groups, the losers have far outstripped the winners.

It is still early days, but what lessons can be drawn from the performance of the portfolios so far? The first is that avoiding losers is probably more important than picking winners. Even a portfolio of 10 stocks is not widespread enough to safeguard against this risk.

The second moral follows on from the first. Given the difficulty of stock selection and the need to amass a substantial portfolio to reduce the effect of single company disasters, most investors are likely to be better off with the built-in diversification of a unit or investment trust.

***Philip Coggan***

**Experts' portfolio**

| Company | No of shares | Original price (p) | Current price (p) | Gain or loss (£) |
|---|---|---|---|---|
| Ass British Ports | 352 | 284 | 310 | +91.52 |
| Brit Petroleum | 262 | 355 | 286 | -194.58 |
| Cable & Wireless | 175 | 571 | 600 | +50.75 |
| Hillsdown | 437 | 229 | 156 | -319.01 |
| Kingfisher | 195 | 514 | 476 | -74.10 |
| Land Securities | 204 | 489 | 442 | -95.88 |
| Nat West | 305 | 328 | 268 | -183.00 |
| Racal Electronics | 458 | 218 | 51 | -764.86 |
| Vodafone | 261 | 0 | 362 | +944.82 |
| RTZ | 174 | 574 | 487 | -151.38 |
| Tarmac | 450 | 222 | 107 | -517.50 |
| **Income** | | | | |
| ABP div | | | | 10.91 |
| BP div | | | | 11.84 |
| Hillsdown div | | | | 9.61 |
| Kingfisher div | | | | 7.80 |
| Land Secs div | | | | 12.24 |
| RTZ div | | | | 10.44 |
| Tarmac div | | | | 15.50 |
| Accrued income | | | | 35.23 |
| Total income | | | | 111.57 |
| Total gain/loss | | | | -1095.55 |

Jan 13 closing prices. Original cost £9,998.22.

**Directors' portfolio**

| Company | No of shares | Original price (p) | Current price (p) | Gain or loss (£) |
|---|---|---|---|---|
| ADT | 161 | 623 | 375 | -399.28 |
| Albrighton | 3,220 | 31 | 12 | -611.80 |
| Barry W'miller | 769 | 130 | 134 | 30.76 |
| Evode | 1724 | 58 | 56 | -34.48 |
| Hunterprint | 6250 | 16 | 16 | nil |
| Linread | 1176 | 85 | 65 | -235.20 |
| Manweb | 382 | 262 | 291.5 | +112.69 |
| MY Holdings | 3,333 | 30 | 38 | +266.64 |
| Stirling | 2,857 | 35 | 37 | +57.14 |
| Wheway | 2,770 | 36 | 32 | -110.80 |
| **Income** | | | | |
| Barry W'miller div | | | | 33.07 |
| Accrued income | | | | 59.77 |
| Total income | | | | 92.84 |
| Total gain/loss | | | | -892.99 |

Prices as of Jan 13 close. Original cost £9998.34

**High yield portfolio**

| Company | No of shares | Original price (p) | Current price (p) | Gain or loss (£) |
|---|---|---|---|---|
| Anglia TV | 676 | 148 | 209 | +412.36 |
| Austin Reed "A" | 709 | 141 | 163 | +155.98 |
| Bullough | 1,042 | 96 | 114 | +187.56 |
| Davis Service | 758 | 132 | 146 | +106.12 |
| FKI | 1613 | 62 | 52 | -161.30 |
| Goode Durrant | 1315 | 76 | 69 | -92.05 |
| Haden Maclellan | 826 | 121 | 113 | -66.08 |
| Lep Group | 1,149 | 87 | 16.5 | -810.05 |
| Ratners | 676 | 148 | 23 | -845.00 |
| TVS | 2,222 | 45 | 7 | -844.36 |
| **Income** | | | | |
| Austin Reed div | | | | 21.27 |
| Davis Service div | | | | 20.69 |
| Haden Mac div | | | | 24.78 |
| Ratners div | | | | 16.22 |
| Accured income | | | | 81.94 |
| Total income | | | | 164.90 |
| Total gain/loss | | | | -1601.92 |

Jan 13 opening prices. Original cost £9,999.98.

**Dartboard portfolio**

| Company | No of shares | Original price(p) | Current price (p) | Gain or loss (£) |
|---|---|---|---|---|
| British Assets | 1,190 | 84 | 81.5 | -29.75 |
| Densitron | 3,226 | 31 | 30 | -32.26 |
| Dyson J & J | 847 | 118 | 103 | -127.05 |
| Eurotunnel | 217 | 480 | 449 | -23.87 |
| Harrison Ind | 1,754 | 57 | 66 | +157.86 |
| Jove Inv Tr Inc | 1,449 | 69 | 54 | -217.35 |
| Morgan Crucible | 446 | 224 | 236 | +53.52 |
| River & M St Prf | 844 | 118.5 | 120 | +12.66 |
| TVS Enter | 2,222 | 45 | 7 | -844.36 |
| **Disposal** | | | | |
| Precious Metals Tr | 662 | 151 | 138.74 | -81.17 |
| **New investment** | | | | |
| EMAP | 379 | 242 | 242 | nil |
| **Income** | | | | |
| British Assets divs | | | | 24.28 |
| Jove Inv Tr div | | | | 28.12 |
| Morgan Crucible div | | | | 25.85 |
| Precious Metals div | | | | 4.97 |
| River & Merc div | | | | 21.54 |
| Accrued income | | | | 25.41 |
| Cash from disposal | | | | 1.27 |
| Total income | | | | 133.22 |
| Total gain/loss | | | | -998.55 |

Jan 13 closing prices. Original cost £9 995.61.

PERSPECTIVES

# Small ships that face a future on the rocks

*Keith Wheatley braves a winter gale to sail cross-Channel on a British coaster with its owner-skipper, one of a rapidly-vanishing breed*

THE SPLENDID Georgian sea-front of Weymouth, a small port in Dorset on England's south coast, was hardly visible as the final 32-tonne lorry tipped its load of builders' sand for the *Port Soif*. Winter dusk had descended. Wind shrieked through the crane wires. On the bridge of the 429-tonne coaster there was a gloomy print-out: "Gale warning. 0925 Dover. South-westerly gale expected soon."

Owner-skipper Derick Goubert, 44, expected to meet the gale just south of Portland Bill. He was right. With the Dorset cliffs barely a mile astern, the little ship began to roll heavily in the considerable swell. Green seas and spray obscured the bow and cargo deck for much of the time. Goubert needed to be alert, crossing the main west-bound Channel shipping lane at a bare seven knots. Guernsey, our destination in the reef-girdled Channel islands, was 10 hours distant.

In his cabin below the bridge, mate Dave Lower grabbed a few hours' sleep. Next door, in the battered but spotless galley, the *Port Soif's* two Portuguese able seamen, Alex and Mario, prepared an excellent spaghetti bolognese.

Goubert ate enthusiastically, his round, mobile features animated by the welcome change of having a guest for supper. He faced a long night of bad weather and heavy shipping traffic. Next morning we would be unloading, followed by some cash-flow work and dealing with the bank and insurance company fallout from a near-catastrophic engine breakdown late in the summer. By tea-time, the ship would probably be loading general cargo for nearby Alderney.

Every economic statistic shows that the past decade has inclined towards the small business, the self-motivated entrepreneur. Perhaps. Yet, in one sector traditionally strong in individualists, British coastal shipping, the owner-skipper has turned from being the norm to a vanishing species in less than a generation.

The National Union of Marine, Aviation and Shipping Transport Officers (NUMAST) published a report recently quantifying the decline. British-owned and registered ships of the category into which Goubert and his *Port Soif* would fit had dropped from 546 in 1975 to 249 in 1983 and just 42 in 1991. "These skippers are now a rare and unusual breed," said Weymouth harbourmaster Captain Peter Tambling as he signed-off the *Port Soif's* paperwork. "If Derick was a house, he'd be a listed building."

Goubert's little coaster, capable of carrying a 600-ton load, is worth perhaps £150,000 – about the same as a semi-detached house in one of the leafier London suburbs. She was built by a Dutch yard 20 years ago and Goubert bought her at the beginning of 1990, run-down and neglected. Since then she has been spruced-up, re-engined after the major breakdown (luckily the insurance company paid, or the £60,000 bill would have sunk the *Port Soif*) and, most noticeably, re-painted.

"I am fond of orange," Goubert said, with a chuckle. He is a long way from anyone's idea of a sea-dog. "People say I must have got a job lot cheap but you have to order the paint specially from Denmark." The hull is dented and battered but liveried immaculately in jaffa. The two company vans in St Peter Port are in the same shade.

"Being the owner of the ship, you do take more care about the whole operation," said Goubert, snuggling deeper into a chair in the port corner of the bridge. In mid-Channel, at midnight, the weather was abysmal. "Everything operates from here because I'm here. We haven't had a holiday in three years. The one we'd planned for August was lost when the engine fell down.

"Regrets? Every day. You think you'll sell up, give the money back to the bank and go and work for somebody else. But it wouldn't be the same. At least I'm doing what I want to, even if it doesn't make any sense. Everything I've earned since the day we bought *Port Soif* has gone back into the ship, bar wages and so forth."

Goubert is not wealthy, or even comfortably off. He lives in a modern semi-detached house on Guernsey but sleeps in his cabin more often than his own bed. A coaster makes no money tied up to a jetty.

Sailing 52 weeks of the year, the *Port Soif* earns around £175,000 gross. Wages for skipper, mate and two seamen come to around £50,000 annually: lean enough for any management analyst with a warm office and a 6pm finish. Overheads are high, though. On top of a large bank loan at 15 per cent, insurance alone costs £16,000 a year.

At present, the *Port Soif* is on time charter. It means regular money and no commissions to pay. If Goubert was back tramping the North Sea – which he has done plenty of times – relying on agents and sub-agents to find the next cargo, then total commission can run to as much as 10 per cent of the ship's income.

With freight rates dropping and less work around in a major world-wide recession, it is small wonder that many coastal trade ship-owners have forsaken British registration and chosen to fly the ensigns of Panama, Liberia or Gibraltar from their sterns.

"The surveys are less rigorous, there are no restrictions on the areas of trade and wage rates are lower," explains Arnold Williams, now a NUMAST industrial officer but once a coasting skipper. "They are usually older ships and the salaries that they can afford don't attract British officers. Anyone operating a single ship is likely to be under considerable financial pressure nowadays."

Flagging-out is not an option that appeals to Captain Goubert. "There are only three reasons, really, for doing that," he says. "Lower standards, cheaper insurance, less tax. This ship will always be up to survey while I own her. I'm not interested in running a rust-bucket." Nevertheless, Goubert knows personally of only one other owner-skipper trading, as he does, under a London registration.

Before the second world war, owner-skippers were the norm, wives and kids often aboard, moving millions of tons of freight around Britain's coast. Now, they seem only a year or so from disappearing altogether. But who, apart from anthropologists, should care? Cargo will still be moved, albeit in bigger ships owned by bigger companies. It will also come in through bigger ports, although some have regrets about that.

"I'm a great believer in small ports. They feed local economic infrastructures," said Tambling, watching the sand pour into the *Port Soif's* hold. "Weymouth is extremely competitive, with some of the lowest rates on the south coast. This loading will cost the ship about £200, a quarter of what it would be at Southampton."

Some weeks, Tambling sees only a single coaster. Without revenue, the wharves have no future. In 1947, Weymouth handled more than 1m tons of freight; the present volume would be less than 5 per cent of that.

The progress to ever bigger ships and ports seems inexorable. The smallest coasters now built are over 1,000 tonnes. Ships that size and bigger often cannot use the smaller ports; even when they can, conglomerate owners often prefer bigger harbours where they have negotiated rates on a yearly basis.

"Take a harbour like Colchester, in Essex, that you just can't get these bigger ships into," says Arnold Williams. "A terrific little cargo facility and well-liked on the east coast, but a lot of these little ports are starting to close down."

Derek Goubert is in no doubt that his competitors for business are not other coasters but bigger ships, ferries and road transport. "The smaller the ship, the more you're competing with lorries," he said. "And I'll tell you – ships are a lot more environmentally friendly than lorries."

The only small ships are old ships – Goubert reckons that nothing as small as the *Port Soif* has been built since 1974. Bigger companies want to run new ships, which are cheaper to operate through economies of scale but which cannot enter the myriad small ports around Britain's coast. So, the harbours close and each year it becomes harder for the minnows to survive.

"The biggest worry is not today but tomorrow," said Goubert. "If I sell this ship, I've got to buy another or I'm going backwards. New building rates are about £2,000 a tonne, so any ship of around 1,000 tonnes [the smallest now available] that is under 10 years old is going to cost over £1m.

Bernard McCall, author of several books on the coasting trade, agrees that the days of the owner-skipper are fast running out. "As coasters get bigger and more specialised, they're increasingly beyond the pocket of an individual owner/skipper. There are, literally, only a handful left and there won't be any more," he says.

Goubert is resigned to enjoying the twilight of a nearly-extinct species. "I left school at 16 and bullied the skipper of a little tanker into giving me a job," he recalled. "I went to sea because I was interested in ships. Now, you don't see any coasters and the big ships all look the same."

Outside the bridge windows it was dark, wet and cold. The Channel was doing its considerable worst. John Masefield would have understood our situation when he wrote: "Butting through the Channel in the mad March days." Unfortunately, there aren't too many "dirty British coasters" left.

Fr Paddy, the bursar, who keeps an eye on monastery finances

# Switch off, in silence

*Kieran Cooke recharges his spiritual batteries during a retreat at a Benedictine monestary in Ireland*

THE CHANTING of the monks washed through the church, a mesmerising, hypnotic melody, waves of sound falling, lapping, withdrawing and returning. My feet, at 6.30am, were blocks of ice. Thermal underwear could not keep out the chill.

The abbot said the final prayer. The novice collected stray missals and extinguished the candles. In silence we all withdrew.

Some go to Indian ashrams. Some lock themselves in Highland cottages. Some visit Outward Bound schools. Others, more simply satisfied, light the fire, uncork the claret, puff a Cuban, put the feet up – and stare into space.

It is called switching off, a time to let the mind wander, a time to reflect – what a philosopher friend describes as "Having a good look at your fundamentals".

Glenstal Abbey is a Benedictine monastery in the depths of County Tipperary in Ireland. "Yes," said Brother Michael on the phone, "We do take in guests. Of course we would be happy to have you."

Going up the long driveway I panicked and almost turned back. It was like popping in to Balmoral for Christmas dinner. How was one supposed to act? What could one talk about? I had booked in for two days. How would I fill the time? Brother Michael, the guest master, put me at ease. "Now there's your room, there's tea downstairs and vespers is at 6.20pm." He saw my nervousness. "Don't worry," he said with a big wink, "we'll have you drummed in in no time."

The Benedictines take their name from their founder, St Benedict, born in Italy at the end of the 5th century. It is not a strict or enclosed monastic order: life is built around the rule of St Benedict, which emphasises the community life, daily work, the daily round of common prayer and hospitality.

"All guests who present themselves are to be welcomed as Christ," says the rule of Benedict. There is no charge for staying at a Benedictine monastery. Guests are merely expected to make some contribution, according to their means.

Fr Bernard, a remarkably agile 82-year-old with a ready line in wit and wisdom, shepherds me into church. "We allow our guests to sit with the monks but you needn't bother yourself. We're relatively harmless." A nun is the only other visitor. We sit in the monastic misericordia by the altar. I am shown how to follow the psalms, in English; and the rest of the service, in Latin.

To sit among monks while the liturgical office is chanted back and forth is rather like suddenly finding yourself given a seat in the New York Philharmonic. Or being handed a paint brush by Leonardo da Vinci and asked to do a spot of touching up on the Sistine chapel while he nips out for a plate of pasta.

It is a great privilege. It is embracing. But it is also at first slightly nerve-wracking: you wonder when to bow or bob, where to look.

After vespers there is what is described as a period of silence, then supper. Fr Bernard ushers the nun and me into the monks' dining room. The meal, we are told, takes place in silence. At first this seems very strange. How do you ask for another slice of bread? How do you get hold of the sugar at the other end of the long table. The monks on each side are extremely attentive.

"The first time I had a meal with them I had a fit of giggles," said the nun. "But you quickly get used to it."

The food is wholesome: chicken stew and brown rice with as much bread and jam as you want. Tea is drunk from large bowls. Two monks rush about serving: with delicate hand gestures they ask if you have finished.

No talking means that the meal passes within minutes. Then you sit back and listen to the monk who is doing the reading. He starts with some scripture but then continues with a book about recent events in Moscow. Monks, one realises, are very worldly-wise. Some laugh or nod sagely as the reading goes on.

Life in a monastery is ruled by the tolling of the bell. At 8.40pm it rings for compline. By 9.30pm you are in your "cell," reading or writing or praying – or preparing yourself for a 6am start.

At breakfast, which the guests take separately, Fr Bernard explains the steps to becoming a monk. First, you enter as a postulant for a year. Then you take simple vows for a minimum of three years during which time you cannot leave without a dispensation from the order.

"When you're a novice it's a trial run if you like. At the end of your simple vows you are as free as a lark to go. If you decide to stay then you take your final vows for life."

Glenstal has a community of 40 monks, from all manner of backgrounds and together possessed of a bewildering array of qualifications and talents. There are seven PhD's in the monastery: one monk is a landscape gardener who has exhibited at the Chelsea flower show and is also a scholar of Russian icons. A number are talented musicians. One is an expert on Byzantine liturgy. Another produces historical text books for schools and specialises in modern Russia.

Fr Paddy is monastery bursar, in charge of finances. A theologian who was a parish priest for years before entering the monastery, he organises an annual ecumenical conference at Glenstal, tends the monastery's 17th century walled garden and is a member of the core group of monks who lead the chanting of the liturgy.

Fr Paddy is concerned about what work the monks should and should not be doing in order to support the monastery. "There is an ongoing debate here and at other monasteries about how monks should support themselves. We can no longer remain entirely dependent on the traditional ways."

The Glenstal community has a school of 200 pupils and a farm. At present both are profitable: there is a 12-year waiting list for the school, which benefits from a large measure of state aid. Glenstal has also managed to continue to attract one or two novices each year.

The situation is radically different at many other Benedictine monasteries and other religious orders in England and elsewhere. In those, there is a serious shortage of novices and a battle to remain self sufficient with an increasingly ageing community. The monastery schools are short of pupils while costs are rising. If alternative forms of income are not found, some communities could be forced to close.

"We are fortunate at the moment but we realise that we, too, must look at other ways of surviving," says Fr Paddy. "We could perhaps make a liqueur, as some of the older monasteries have done. But then there is the opinion that we should be producing goods for which there is a need and not simply producing something to suit the jaded palates of the rich."

Some suggest that monks should do more secular activities, even take jobs outside the monastery. But this would threaten the stability of the community and inevitably mean that the monks could not *abide by one of their main tenets* – the saying together of the daily round of prayer.

Many monks object to the thought of working outside. After all, they joined to be part of a community and not to spend the majority of their time in the secular world.

The bell for midday mass interrupts discussions. The Abbot, Fr Celestine, co-celebrates with the community. Again there is that feeling of taking part in a timeless ritual, following the liturgy in the way monks have done for centuries.

After a buffet-style lunch, this time with talking allowed, Fr Paddy and I take a walk in Glenstal's rolling grounds. Glenstal was built for an Anglo-Irish merchant family in the middle of the last century. A gangling, impressive folly, the house and grounds were laid out in the style of a 13th century castle.

"We are discussing various ways of ensuring our survival as a community," says Fr Paddy. "There are those who feel that the modern equivalent of monks working on illuminated manuscripts is designing on a computer. I think that in the modern world there is a great need for adult counselling or the more broadly-based education we can offer here. We have the teaching expertise and the perfect environment."

With the rain sweeping through the mock turrets and battlements, it is already time to leave. We stroll through the monks' graveyard, neat, unadorned tomb stones laid out like a soldier's cemetery.

Before going, a look at the visitor's book. It is full of praise for the monks for providing such a haven in a busy world. One visitor was obviously greatly uplifted by it all, but found the Tipperary weather difficult: "I found spiritual peace – next time I'll bring my wellingtons."

Perhaps the priest from Northern Ireland summed things up best of all. "Every wise virgin needs a regular oil change. Thanks for a great retreat."

As they say in Europe

# The lesser evil

EVENTS IN Algeria were dutifully followed in the serious British papers but their treatment reflected a lack of passionate involvement. However, there was a general feeling that parties which gain most votes in an election should be allowed to take power, however undesirable the victors may be. The British have a long experience of elections with unfortunate outcomes and have not resorted to tanks to show their displeasure.

This facile approach did not prevail elsewhere. With millions of Algerians at home and the threat of more to come the French papers agonised over the election and its failure to be consummated. *Le Monde*, of course, had to bring a dead philosopher into it: "Addressing the Jesuits, Pascal had, in his time, already posed the problem clearly: 'You demand in the name of our principles, liberties which you refuse in the name of yours.' Doesn't that formula apply marvellously to the Islamic Salvation Front?"

The Algerian army is also seen as "Jesuits" by the standards of Pascal. It gets muddling, but one can see the point. The paper concluded hesitantly that in fact what the army had done was just not acceptable, however horrid an Islamic fundamentalist regime might turn out to be. "Perhaps one ought to take the risk of allowing the FIS to take power – and probably waste it – and face up to harsh economic realities."

Now, the Jesuits started life in Spain and the Madrid daily *El Pais* seems to have been through their mill. It thought the Algerian army had done the right thing. "In a fully democratic country, with regular mechanisms to guarantee and control procedures, such a course could be criticised from the point of view of its evident finality. But it is in fact a question of creating those very same structures. In such conditions the chosen course is the least bad of those available."

*'Desjardins of Le Figaro has signed a death sentence for leader writers'*

Curiously, back in Paris, *Le Figaro* pondered those same words: "The lesser evil?" was the interrogative headline over Thierry Desjardins' editorial. "For the first time in contemporary history, democrats everywhere welcome a coup d'etat with evident satisfaction," he confidently asserted, adding that, had the elections gone ahead, the FIS would have won and Algeria would have adopted the "lifestyle of seventh century Medina." Surely the point is that the Algerians might *want* to live in seventh century Medina?

Brushing that problem aside, Desjardins concluded: "What attitude should we adopt? Nothing obliges us to choose between the two evils and rejoice in 'the lesser evil.' In this case the famous 'neither-nor' is forced on us. Neither the dictatorship of the mullahs, nor that of the military. But, after all, it is not our business."

This is very important, for Desjardins has signed a death warrant for leader writers. He is too good a journalist to show it.

The *Frankfurter Allgemeine Zeitung* also avoided commiting itself and retreated into an historical analysis, but the implication is the same.

It is not just Algeria where we can no longer take sides, there is Russia versus Ukraine, the Georgian civil war, South Africa and a dozen other quarrels which, as my employers put it, "lack ideological resonance." Where have all the good guys gone? As a result we are in for a frightful period of fair mindedness, fence-sitting and statements of the obvious as papers try to clarify the minds of their readers and forsake the Manichaean struggles of the past.

* * *

Many may be unfamiliar with the New Banality. Fortunately, two examples are to hand. They both dealt with President Bush's trip to Japan and read like "George catches Tokyo tummy on his holidays." The Hamburg *Welt am Sonntag* wrote: "Presumably it was only an attack of intestinal 'flu which rendered Bush unconscious for a few seconds. But the video pictures of the collapsing President have made an impression on the American electorate."

A Flemish daily, *De Standaard*, of Antwerp, went still further in the quest for even-handedness: "Because his trip had electoral implications, his gastro-enteritis took on an added electoral significance. Admittedly a democrat can also get gastro-enteritis, as Bush said afterwards, but his fainting shown on all televisions during a foreign trip demonstrated clearly that the President, who aspires to a second term in office, at 67, in spite of his healthy appearance, is not the youngest of persons any more."

Well, you can't say fairer than that.

**James Morgan**

*James Morgan is economics correspondent of the BBC World Service.*

TRAVEL

# The peak of skiing perfection

*There are few resorts anywhere that **Arnold Wilson** has not cruised, sped or fallen through. So we asked him to pick his ten favourites. This is his selection.*

WHAT MAKES a ski resort special? Some would say spectacular, steep and challenging runs; others would go for exhilarating cruising runs or delightful nursery slopes.

Others would insist on a picturesque village half-buried in a blanket of snow beneath a star-spangled sky – the quintessential Austrian hamlet, for example. Sensual *après ski* – tribal gyrations in a frenetic, overtly sexual disco atmosphere – would be top of some holidaymakers' lists.

In theory, a top resort should meet all these criteria. Few do, although some US resorts like Sun Valley, Vail, Taos and Jackson Hole have tried to establish a European-American mélange with some success.

The French resort of Val d'Isere, with its huge network of lifts, superb selection of blue and black runs, excellent off-piste powder-fields, gullies and couloirs is, by common consent among good skiers, one of the greatest ski resorts in the world – many would say the best. And the nightlife throbs. But pretty it is not. Nor, to be fair, is it particularly ugly, but it is linked with Tignes, which is.

On the other hand, there are several Austrian villages (Alpbach is a prime example) which epitomise Austrian charm and *gemutlichkeit* and have pleasant nursery skiing, although very little for experts. St Anton, however, has spectacular skiing and scenery, if nowhere near as much charm, unless you count its idyllic little satellite, St Christoph, cocooned in deep snow like a dish of profiteroles with too much cream.

By contrast, Kitzbühel has enormous charm when the atmosphere is not being shattered by rowdy and sometimes inebriated Scandinavians. This most attractive of towns has walled and cobbled streets, clustered gabled houses and colour-washed façades and arches. But it also has something of a snow problem. Built at a mere 800 metres, it is fortunate to get as much snow as it does (it is in a 'snow hole').

St Moritz may be a predictable selection, but it has an enormous choice of skiing with six distinct areas encompassing almost every kind of skiing terrain, from the warm, fairly gentle slopes of Corviglia to sterner stuff at Lagalb, Diavolezza and Corvatch, where steep runs and exotic scenery combine to produce the much sought-after skiing cocktail of physical and visual stimulation.

The atmosphere in the town itself is also stimulating, but surprisingly unstuffy and friendly for a resort so steeped in the history of winter sports and so heavily infiltrated by generations of *glitterati*. You can study the affluent residents and guests quite cheaply from any number of tea-rooms, but you must sample at least one dinner at the Palace and another at the more reserved and more elderly Kulm with its countless glass cases packed with trophies from the celebrated Cresta run, which descends partly through the hotel grounds.

Zermatt, with the Matterhorn, is another Swiss resort that cannot be excluded. There is hardly a mountain nation that does not seek to syphon off some of the Matterhorn's mystical allure by dubbing one of its own mountains "our Matterhorn."

With three major ski areas spread about its perimeter, Zermatt has no shortage of excellent slopes, plus more mountain restaurants (about 30 last time I counted) than any ski resort in the Alps. The traffic-free main street lined with superb hotels such as the Mont Cervin, Monte Rosa, Zermatterhoff and Schweizerhof, has charm, elegance and luxury.


Aspen: A unique resort with a colourful mix of celebrities

Aficionados of Argentière would be speechless if this cult resort were left out, although its appeal – it has beautiful and challenging off-piste skiing, some of it teetering on the very edge of the Argentière glacier – is almost exclusively orientated towards strong skiers. The famous Pas de Chevre is a giant leap for a goat, never mind a skier. Although there are a few funky bars in the narrow, Wild West-style main street, most of the *après-ski* is down the road at neighbouring Chamonix.

Courchevel is another classic, with plenty of smart restaurants, shops and hairdressers: almost anything that you might seek in Paris has already been transported there. It also has a more-than-comprehensive network of lifts, beautifully groomed slopes and enough skiing to last a fortnight without even venturing into neighbouring Meribel, Les Menuires and Val Thorens.

In North America, Jackson Hole scores heavily on all fronts, particularly scenery (the Teton range is quite startling, especially in contrast to the vast, flat valley floor) and exciting skiing (it does not get much steeper or more rugged in the Rockies).

Although discos are out, there is great fun to be had in the town of Jackson, where wooden sidewalks and cowboy bars remind you of a score of Hollywood westerns. (One of the most famous, *Shane*, was shot locally). In the skiing area at Teton Village, the Mangy Moose is the big attraction. The unfortunate creature after which this establishment was named hangs, forlorn and stuffed, from the rafters, giving revellers an unseemly view of its undercarriage.

The skiing at Jackson is outstanding, with wonderful cruising trails that are wide and steep. Fast skiers can beat Jackson's famous tram down from the top of Rendezvous Mountain if they can better 4,000 vertical feet in 12 minutes. There are innumerable chutes and gullys, plus the superb Hobacks – the steep, wide-ranging flanks of the mountain that can keep powder skiers in a frenzy for run after run.

*Telluride*, a remote and atmospheric old town in south- west Colorado, evokes the old mining days like nowhere else in the US. In particular, Main Street, with its smoky Last Dollar Saloon, is un-nervingly unchanged since Butch Cassidy robbed the San Miguel Valley Bank 100 years ago. The skiing is sheer joy for intermediates and experts, with wide-open, steep runs cut through the trees, some outstanding off-piste and beautiful views.

Aspen writes its own name in any list of Top Ten resorts. It is unique. The skiing, with some good fast cruising runs and some very tricky chutes, may not be quite the ultimate in the US, but if you add Aspen Highlands' wild ridges and Snowmass's more challenging terrain and long 'motorway' trails, you would be hard-pressed to beat it.

Add in Aspen's 100 restaurants and glitzy mix of celebrities, colourful history and inspirational scenery and you have an outstanding resort. Apologies to Vail, but having only been conceived in the early 1960s it does not have Aspen's patina or cachet.

# On the very edge of civilisation

*To Americans, old Quebec City is cute. **Daniel Green** is not so sure*

*J'ai quitté mon village*
*Par le premier bateau*
– Opening lines of a Quebecois rock song.

STAND ON a promontory on the left bank of the St Lawrence. You are just downstream from the last bridge. Look north, past the rooftops of Quebec City's old town. The first few miles of countryside in that direction are cultivated. Beyond, a black forest rises up the slopes of the Laurentian ridge. On the other side it dips down, out of sight, to another country: a dimpled plain of wood and water.

Four hundred miles north of Quebec City, the sub-arctic taiga starts and the moose die of cold. It is another 800 miles to the few Inuit settlements on the crinkly coastline opposite Baffin Island, where visitors can arrive only by seaplane or kayak. After that? A desert stretching to Siberia.

Quebec City is at the edge of civilisation. But it thinks it is at its centre.

Five million French-speaking Quebecois adore their city. Their taxes pay for a gilt-encrusted parliament building and smart suits for the MPs. Some of their most talented sons and daughters cannot bear to leave.

To Americans, old Quebec City is cute. Its fortifications, chateau, winding streets and *son et lumieres* are picturebook Europe. Wise old-worlders might more easily see a city hooked on tourist dollars and politicians' expense accounts. The money has bred self-satisfaction. Add nationalism (and Catholic guilt?) and you have paranoia: languages other than French are banned from public notices. *Bienvenue*, yes. *Wilkommen*, no.

Out in the countryside, among the 5m, the phenomenon of French North America is more beguiling. In the farming and fishing towns, adorned with the belvederes and verandahs of New England-style summerhouses, *les anglos* seem far away.

The south shore of the St Lawrence is peppered with mean sounding towns like Trois Pistoles and Riviere du Loup. They are actually sweet little agricultural and tourism centres. The loup in Riviere du Loup is not a wolf, but a fish.

The Auberge Mange Grenouille is a converted village general store by a small nature reserve in the village of Bic. Its sloping floorboards were as shiny and new as a Madonna hit record and the *chambre nuptiale* came complete with brass bedstead and purple drapes. *"C'est un peu fou, je sais,"* shrugged Madame, a warm round woman with an all-embracing personality that seems both American and French.

The *chambre* had no *en suite* bathroom. A creaking hallway, lined with wood-framed vignettes of small animals curled up in pools of sand-coloured light, leds to the loo. The awkward Victorian door knobs conspired to frustrate any urgency in a stumbling dawn patrol, but the auberge's giant electronically-controlled whirlpool bath was as seductive as plumbing can ever be.

The Mange Grenouille is on the south shore of the St Lawrence. The American shore. Part of a civilised, settled, comfortable continent. The landscape is farmland. The US is a few miles away, through a panhandle of Nouveau Brunswick, Canada's only officially bilingual province.

Sept Iles is on the north shore, where the climate is like Mont Blanc's. It is the last town on the road going east. The frontier.

No one speaks English. Why should they? None of their ancestors spoke English. Nor do relatives, neighbours or visitors. *Les Anglos* are further away than the Shetlands are from Paris. The welcome is warm, if a little surprised.

There is one maple leaf, on a flag outside the town's hospital. Everywhere else the fleur de lys flutters: from apartment blocks, schools and the dozens of video rental hypermarkets.

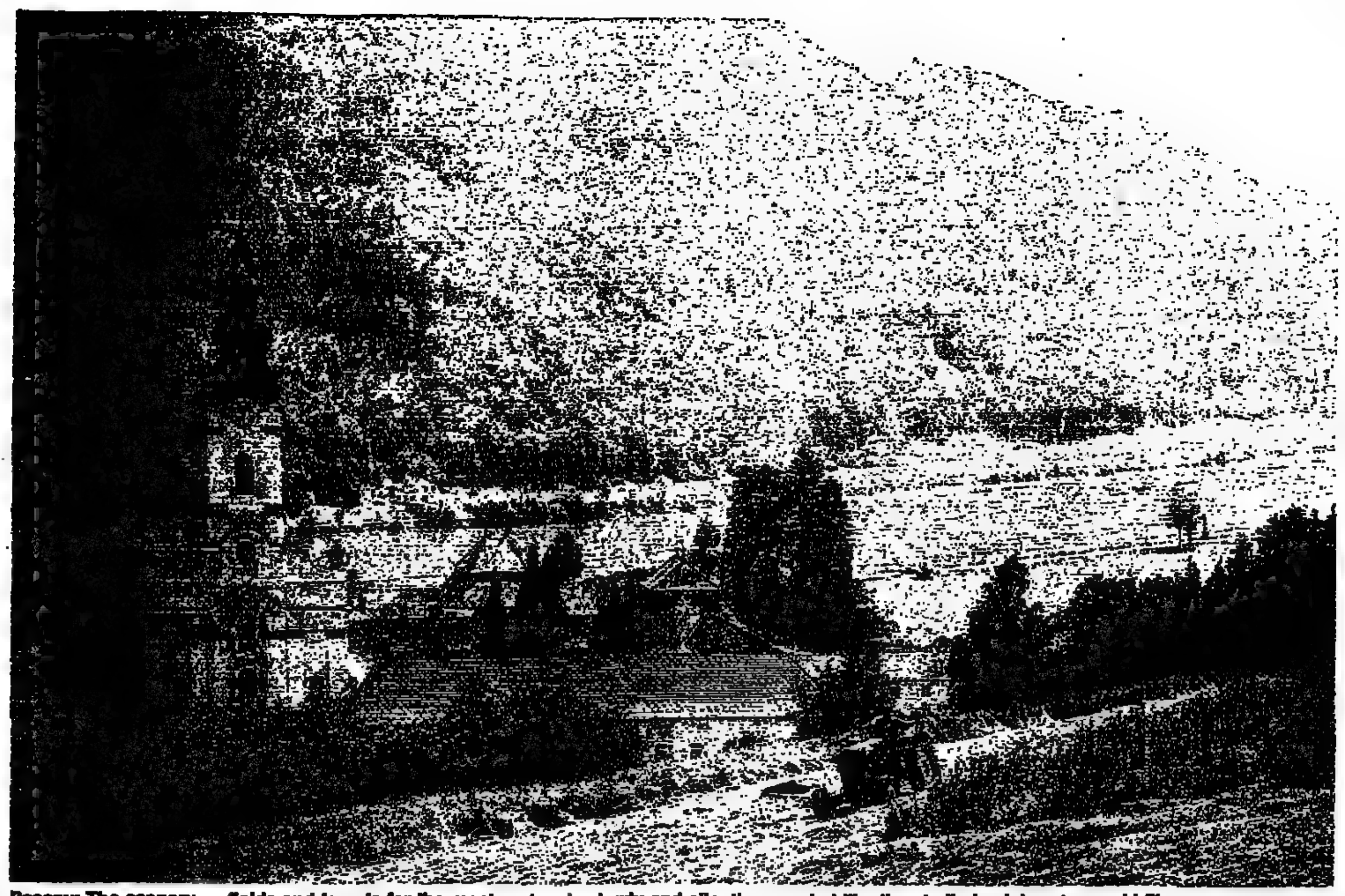
Fifteen feet of snow fall each year in Sept Iles, by the salt water of the St Lawrence estuary. In late May, just before the blue whales arrive, the air still freezes at night. The tourist kayaks stand idle, waiting for the last ice on the lakes to break up. Renting videos is still big business.

There is a railhead at Sept Iles. The single track line goes north, inland. It leads to a settlement called Fermont, whose literal translation, Ironmountain, describes one of the land's natural riches. Like Quebec City, Fermont has fortifications; unlike Quebec City, the defensive wall was built before the houses. It keeps the wind out.

I missed the train to Fermont by eight hours. The next one was six days later. Maybe I was lucky.

■ *Daniel Green was a guest of the tourist offices of the provinces of Quebec and Ontario. He travelled with Air Canada (London tel: 081-759 2636) to Montreal.*

*Return fares range from £258 and £368, for east and west coasts respectively, to £3,288 and £4,126.*



Passau: The scenery – fields and forests for the most part – is slowly and silently unreeled like the studio backdrop to an old film

# A view from the river

***Christian Tyler finds a lazy and satisfying way to soak up Europe***

THE NOSTALGIC traveller feels a sharp sense of loss when he retraces his steps. Treasured images of the past are irretrievably altered, like mossy black-and-white photographs overlaid with modern colour transparencies. Old impressions are obliterated by new ones, leaving only the memory of a memory.

Yet to follow one's own tracks is irresistible. The pleasure of a visit to a half-remembered past is as intense as the thrill of a new encounter. And sometimes the modern picture turns out to be an improvement on the old print.

Or so I reflected as I stood on the rainy deck of a Danube cruise ship one evening last year, scanning the north bank for the tall, bare rock that marks the Austrian-Czech border. I had last crossed this border 25 years before in a wood-and-canvas canoe, drifting by the rock in the early morning, unobserved and undocumented. I recalled a watch-tower on its summit, a barrack block half way up its face and a wire fence running at right angles to the river.

This time the rock loomed up in the last flicker of twilight. The watch-tower and the wire were gone and the barrack block was empty. The Iron Curtain had been rolled up and taken away. Behind me, in a glow of artificial candlelight, 180 passengers aboard the *Danube Princess* were raising their forks for the first stab of herring fillet, the overture to a gastronomic ordeal comprising *consommé* with goose liver dumplings, Indonesian noodles, mixed salad, roast suckling pig and Bavarian cabbage, sautéed slices of calves' liver, *tiramisu fiorentina*, cheese, fruit and coffee.

The slab-sided cruise ships on the Danube are really motorised restaurants, German, Austrian or Russian-owned, in which you may eat your way the length of old Europe, from Passau to Vienna, to Bratislava, Budapest and down as far as the Black Sea.

Outside the window the scenery – fields and forests for the most part – is slowly and silently unreeled like the studio backdrop to an old film. Tugs and motorised barges from the Russian port of Izmail in the delta struggle by; the captain's bicycle is on the roof of the bridge and his wife's underwear flaps from the the aerial. Herons stand in the shallows as motionless as table lamps. For the well-fed observer it is a lazy and satisfying way of soaking up some history.

The river provides a romantic perspective on Europe. The first thing I saw in the Danube valley this time was a vintage Rolls-Royce lying on its side in the ditch. It looked as if it had been abandoned by one of those swashbuckling baronets in a Dornford Yates novel.

Dürnstein in the Wachau region of Austria brought Grimm's fairy tales to life: an old woman with an apple-doll's complexion sold us three bottles of local wine from her house on the river bank, a dwelling which last saw the builders in about 1400.

At Grein, a village built in the fantasy-kitsch style of early Walt Disney, the elderly guide led us up the back stairs of the *Rathaus* to see a 60-seat theatre built in 1791. This time it was she, not the visitor, who suffered the flashback. She mentioned the name of a lady in Yorkshire who had employed her in 1937: it was my great-grandmother.

When we docked outside Vienna, I took my wife in search of the *heuriges weinhaus* where years before, with co-canoeist Andro Linklater, I had stopped for a drink or three on the way to Belgrade.

The place had evaporated; but we found a substitute on the edge of Nussdorf. We sat at a table with three witches, very friendly and very drunk. Our conversation was obscure. First Witch leaned forward and whispered: "Cricklevood!". Second Witch passed a jar of horseradish sauce and cackled: "Take it easy!". Third Witch had forgotten her lines, so First Witch started up again: "Cricklevood *Lane*!"

A day in Vienna is long enough – long enough in our case to hear Haydn's *Mariazeller* mass performed by choir and orchestra from the gallery of the Augustinian church, a sound more beautiful than any professional recording; to be treated to a gourmet lunch at the Bristol Hotel; to saunter through the holiday crowds with the shops mercifully shut; to race back to the boat to change and to re-emerge in the evening for a performance of Mozart's *Idomeneo* conducted by Harnoncourt at the Staatsoper.

In Budapest we were able to take a rest from our fellow-passengers. All but nine of us on the boat were Germans from the north. They were docile, punctual and impassive. If you opened a door for them or smiled a good morning you were met with a blank stare. If you complained about the barking of the ship's tannoy – a device for murdering sleep as well as for imparting such vital statistics as the weight of the Vienna TV tower – they looked at you askance. Few responded as amiably as the one-legged man whom we met swinging down the steep path from the castle at Dürnstein where Blondel is supposed to have found his master, Richard the Lionheart.

When the clouds parted one day there was a stampede for the sundeck and I witnessed what others have testified to the world over: the jealous desperation of the middle-aged German tourist in possession of a sunbed. On the very last morning of the voyage my wife reported that one particularly aggressive pair of sunbed-snatchers had deigned finally to acknowledge her existence. "But it's too late now," she said. "I cut them dead."

River cruising has this great advantage. You are never far from land, never too close to your shipmates, never more than a few hours from the next port of call. Away from the roads, the cities, the crowds, stuffing yourself like a Strasbourg goose or reclining in your cabin as the green-brown Danube foams along the hull, waking at night to watch the ship sink out of sight of the moon into the black depths of a lock, you wonder whether there is any other way to travel.

■ Christian Tyler travelled from Passau to Budapest and back on the *Danube Princess*, run by Peter Dellmann Cruises and available in the UK through Fred Olsen Travel of Crown St, Ipswich, Suffolk. His return flight to Munich was c/o Lufthansa.

# We counted them all out . . .

NOBODY was decapitated, but it was a close shave. On deck on the *Nile Rhapsody* was a valuable cargo – 45 *Weekend FT* readers on a pre-Christmas exploration of Egypt. The boat raced towards a bridge over the Nile. With just six-inches to spare between the bridge girders and the boat's railing, we shot through – the passengers lying flat on deck.

Boat manager Hany Selim later explained this triumph of the helmsman. "He does it all by eye, from where the watermark is on the bridge piers. If it is all right to go, he has to keep up speed as the Nile does rise and fall a little. If he slows down, there's a danger the water will suddenly push the boat up and we hit the bridge."

The immortal Nile held us captive as firmly as any of the conquered princes in the days of the pharoahs, who loved to show their prisoners on monuments with a noose round their necks, hands tied behind their backs and hieroglyphs to identify them – just like mug shots. Our hieroglyphs would have indicated that we were from the far reaches of the *FT's* empire: readers of ten nationalities living between California and Norway.

Most were businessmen and their wives, several recently retired. We also had five engineers, two people in financial services, a leading US antiquarian book dealer and a man from the Foreign Office delighted to be out of reach of Whitehall. Children waved from the banks and fishermen cast their nets. Minarets and coptic churches fall behind as the boat progressed through a dreamworld of river life.

We began to see how the Nile means everything to Egypt. It is the main highway, uniting a long ribbon of a country where the desert always threatenes to absorb the green land hugging the river.

The start in Cairo was hectic: three days of pyramids, coptic churches, mosques, the museum, the bazaar and traffic jams. Once on the boat, the group began to gell and the river took hold. When the evening mist came down or the helmsman thought it time to stop, he pulled into the bank and sent a man ashore with two large iron mooring-spikes and a sledgehammer. Often we bumped the bottom. I had not realised that the Nile is so shallow, presaging problems ahead.

The first stops were a special treat, as we had the sites to ourselves. Helmy el Assar, our guide and protector, who taught the past history and present aspirations of Egypt with quiet passion, led us to lively pictures of acrobats, war and wine-making. Here Howard Carter, aged 17, started his career in archeology in November 1891, copying the paintings.

By 10am we were back on board. Then it was time to laze and look at the river, and perhaps hear a lecture, until an afternoon visit to a catacomb of mummified ibises.

Bridge parties formed; readers found they had been to the same school; the lecturer ploughed through Egyptian history. On the excursions Mohamet, our tour manager, rounded up strays with the cry: *"FT! FT!"*, and we grew used to getting up early for the best view of the sites and to let the boat do as much as possible by daylight.

At Amarna, green trailers pulled by tractors waited to take us across the desert plain that was briefly Egypt's capital city 3,300 years ago but is now desolated to see tombs with pictures of the heretic king, Akhenaten, and his wife, Nefertiti. Policemen with rifles rode shotgun at the rear of the wagons.

The Nile struck at the lock below Luxor.

There was not enough water to get through, even if other boats came up behind, sterns to our stern, to race their propellers and whip up a wash to lift us over the bar. We left the boats to it and went to see the fabulous temple of Seti I at Abydos, its fine relief carvings illuminated by the blessing of cheap electricity from the high dam. Here was the raciest scene in Egyptian art, which on the whole is pure as driven sand – the conception of Horuf, which our guide told us to see for ourselves. It made him "shy and blushy."

Next day we had to change boats, but the temples of Dendera, Luxor and Karnak helped dispel the blues. So to Aswan, a town with terrific shopping and a good restaurant (el Maasri) in the bazaar, and then by air to Abu Simbel.

These 13th century BC rock-cut temples of Ramesses II are staggering, with colossal statues of the pharoah. They would have terrified any African approaching Egypt – as they were meant to do at this frontier site. He would have had no doubt of the might and ability to mobilise labour of the world's first superpower.

Forty-five *Weekend FT* readers went out, and 45 returned. Who could ask for more?

***Gerald Cadogan***

SPORT

Cricket

# The sublime mystery play

*The English cricket season is still some way off. But Teresa McLean has ambitions. Anxious to spread understanding of the game into Europe's furthest nooks and crannies, she has addressed herself to cricket's fundamental principles, particles and mysteries*

A MYSTERY is a "hidden or inexplicable matter" (*Concise Oxford Dictionary*), so it would seem that attempting to explain one is a waste of time. But a mystery of the highest order is a "religious truth divinely revealed, especially one beyond human reason," which makes an attempted explanation of cricket irresistible.

The more one knows about cricket the more mysterious it becomes; the more mysterious, the more sublime.

And delicious. Take bowling. Batting and bowling are the twin pillars of cricket, as of all bat and ball games. So far, so simple. But the sunshine is always speckled in Yorkshire and in cricket the player with the ball can only bowl, not throw it, to the batsman. This is one of the game's fundamental principles. The bowler must hurl the hard, heavy, cork, twine-wound, leather-bound, seam-stitched, red-dyed ball at the batsman without straightening his arm in the hurl.

If he does straighten his arm, he has thrown instead of bowled, something any old fool could do, and dishonoured the game. The umpire (of whom more later) calls no-ball, which disallows that hurl and gives the batting team a free penalty point, known as a run, because most of the time batsmen have to run up and down to get them. The side with the most runs wins, but there are nobler and more energetic ways of getting them than through the bowler's transgressions.

While the bowling arm must stay straight, by the way, the wrist may straighten, twiddle or turn as it pleases. Indeed, such achievements are the pride of spinning skill. Wrist or finger spinners are so called because they spin the ball, but they may well spin their wrists or fingers in the process. The more subtleties the better in perfecting such triumphs as "the unnatural trouble of screwing the ball out of the back of the hand over a cocked wrist," to quote one writer, Donald Woods, on Abdul Qadir's bowling.

Spin bowling is one of cricket's many inducements to poetic – any way, elaborate – reporting, though its technical language is the poetry of reticence. Good spinners contrive to make the ball "stop," "come back," "stand still," "hang," "turn," "float" or even "move". What sweeter compliments for spin than an expert commentator declaring: "That one moved!"

England's damp and temperate climate produces more medium pace than spin bowlers, while the West Indies produce speed. Speedy no-balls are common, but throwing is rare, almost exotic, among them; most are pedestrian. Last summer, when the West Indies visited England, an abundance of penalty runs was given away by bowlers pounding in to bowl at cowering, praying batsmen and, as they did so, putting a front foot slightly over the line painted at the end of the wicket (batting strip), the bowler's and batsman's deadline.

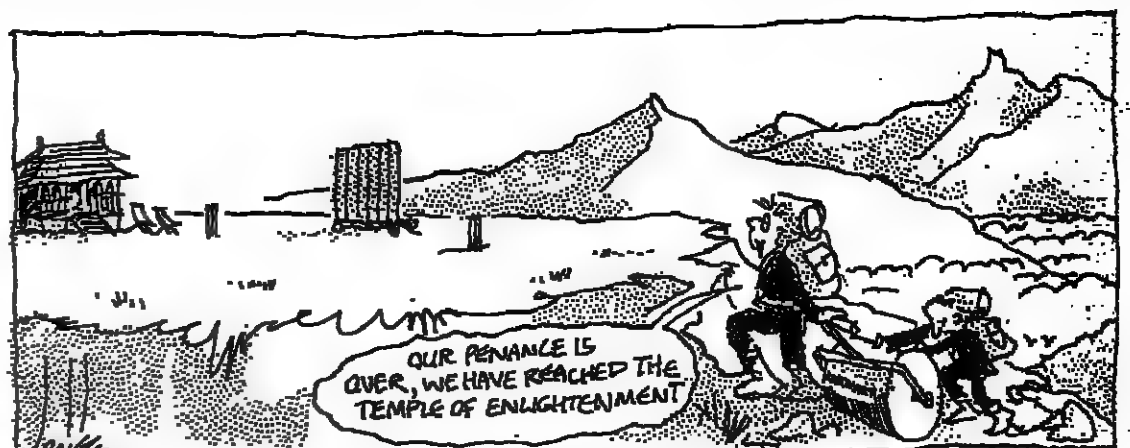
This is bowling from too near the victim, which is cheating. A no-ball is called. There is a simple, conservationist logic behind these no-ball laws. The mystery lies in their enforcement. It is in the hands of an umpire, the game's divine force of decision and judgment. "Hard is the lot of the arbitrator," lamented *The Field* magazine in 1954, writing about umpires, "for he can seldom please both sides. He can only suffer criticism with dignity, repudiation with philosophy."

Quite so. It is to the umpire that appeals for the dismissal (removal, getting out – different expressions, same deathly event) of batsmen must be made. Each team has 11 players, some of them bowlers, some batsmen, all liable to bowling and batting service in their team's hour of need, all capable of appealing for an opponent's dismissal.

In cricket, an appeal must be made before a decision is made, not after it. The batsmen bat two at a time, one at each end. Their aim is to score more runs than their opponents. When a batsman hits the ball well he runs up to the other end of the wicket, as does his partner at the other end, running in the opposite direction. He scores one run for every length he runs before a fielder throws the ball in to the stumps (three close-standing sticks 28 inches tall), which he has been defending with his bat from the bowler's balls.

These are bowled one after another in sets of six, known as overs. At the end of an over, another bowler starts another over at the other end. There are stumps at both ends. The batsman scores four runs every time he hits a ball off the field of play and six every time he hits a ball off the field without a bounce.

Bowlers do not like being hit for six. It provokes fiercer efforts to bowl the batsman out – knock one or both of the bails (little sticks 4⅜ inches long) off the top of the stumps, where they lie in a shallow groove, defying the bowler to displace them.




Cricket is not a metric game. Its measurements abound in pounds and ounces, feet, inches and yards. The wicket is 22 yards long. When a batsman is out, he goes off. Sometimes the walk off the field of play can seem a long and humiliating one to a batsman who is going off. But it makes life easier for the umpire. Anyone can see when a batsman has been bowled; no appeal is necessary. The same is usually true when a batsman is caught or finds himself trapped in one of the more spectacular, bucolic means of self-dismissal, such as treading on his own stumps or hitting his own bails off.

For the most part, however, many are the methods and marvels of dismissal, and the umpire must pass judgment on them all. They are too many and too complicated to describe, but mention must be made of the most common and most controversial: lbw (leg before wicket), an umpire's nightmare.

The batsman, reasonably enough, stands in front of the stumps he is defending, but if a ball is bowled which hits his legs on its way to hitting the stumps, he is out. The umpire signals this by putting his first finger in the air. Leg-before decisions range from the easy (plum) to the mysterious tinged with the mystical.

In March 1903 the Rev Jones of Crowborough, Sussex, was inspired by the impenetrabilities of lbw variations to preach a sermon on "lbw, a parable of the cricket field," text Matthew XIII, 34.

In case things do start to look simple, there are two umpires in each game, one at the bowler's end, between him and the stumps; one at the batsman's end, on the same side as his legs but some distance away, chatting to the fielders out at grass. This position is known as square leg. All fielding positions and batting *shots* side-ways on to the stumps are square, just as all those almost in line with the stumps are fine.

The close-catching fielder with padded gloves, breathing down the batsman's neck, is the wicket-keeper and is too straight to be fine. Other fielders very near the stumps but not fine are silly; fielders far out towards the boundary are deep or long; those not far out are close or short; those on the leg side are on the on side; those on the bat side are on the off side. Hence positions like deep square leg and silly mid-off.

You could almost call it poetry in motion, except that most cricketers spend so little time in motion. The main pre-occupation of the field of play is when will it be time for a beer? First-class matches start half-way through the morning, stop for lunch and again for tea, then stop for the day in the early evening. Test matches, which decide the might of nations, last for five days and usually end in a draw.

Cricket is a wondrous game, better loved than studied.


Tower of strength: Wade Dooley, a problem for Scotland today

Rugby Union/**John Hopkins**

# The Welsh dragon must roar

ELEVEN weeks ago I sat in the press box at Twickenham filled with apprehension as England faced Australia in the final of the World Cup. England had played heroically to defeat France and Scotland in eight days – away from home, at that – but now, surely, their number was up against the most gifted all-round team in the event.

So Australia's victory was not unexpected (they had beaten England 40-15 only a few months earlier). What was a surprise was England's stubborn resistance. They outplayed the Australians in the second half when facing the wind and outscored them by two penalties to one. Had England played to their forwards, who were colossal that November afternoon, as they had in their two previous matches, they could have beaten the Aussies.

But they did not. Instead they contributed enormously to a thrilling final that did as much for rugby around the world as anyone could have wished.

Now here we go again. This afternoon England face Scotland at Murrayfield and Wales play Ireland at Lansdowne Road. The 1991-92 five nations' championship will not equal the World Cup in many aspects, if any. The standard of play will be lower, the players less well-prepared and motivated, but it is certain to add a bit of zing to life between now and March 21.

During the World Cup, Finlay Calder, the Scottish captain, said he thought the championship would diminish in significance in coming years, overshadowed by the World Cup. I think he is wrong. The World Cup has raised the public's awareness of the game and thus of the five nations. Rugby has never been so popular; as a result, this championship is the most widely anticipated ever.

Every ground will be full for the eight matches (610,000 spectators will attend in all, paying £16m). England's home matches at Twickenham could have been sold out three times over.

What makes the 1991-92 five nations so interesting are the questions that can be asked: can England, under new coach Dick Best, win the grand slam again? The odds are against them, even though they are the best team. Successive slams have been won only three times in 82 years.

How will Scotland fare without the magnificent back row that was together for 22 matches and outstanding scrum-half Gary Armstrong? Was Ireland's stunning performance against the Australians in the World Cup quarter-finals a fluke? The Irish have more match winners and more depth than for years and they have, as Yeats said, "still the indomitable Irishry". What will these virtues bring them in the coming weeks?

A much more significant question is whether Wales can make significant progress towards parity with the other countries instead of being their whipping boys.

This is an important matter to me. I am a Welshman. I was born in Wales of Welsh parentage. My grandfather was involved in selecting schoolboy players in Wales and remembers choosing a promising full-back named Vivian Jenkins. I went to school in south Wales and on holiday in north Wales. I have sung Welsh in Wales. I am Welsh from top to toe.

There was a time when I would have said it was good for Wales to lose a match. It would puncture the complacency that existed around Cardiff. For example, it would have been better for Wales if they had been run into the ground by England in that notorious match in 1980, the match in which Paul Ringer was sent off early on. Instead, a sordid game went down in Wales's history as a glorious defeat.

Wales's third-place finish in the first World Cup in 1987 was also unfortunate, for it papered over the cracks in their game. "Well, boys, we can't be that bad can we if we came third in the World Cup," went the argument.

But now, I have had enough of defeats. I am desperate for a Welsh victory. Just as it used to be said that English rugby was strongest when Gloucester, Coventry and Northampton were at their best, so British rugby is strongest when Welsh rugby is at its best. Welsh rugby is the heartbeat of the game in Europe. If Welsh rugby was as strong as it was 15 or 20 years ago, the British Lions would be unbeatable.

When Welsh rugby is weak, as it is now, British rugby is diminished by far more than one quarter. "When Wales are out of rugby, rugby is out of sorts," says Tony O'Reilly. Welsh rugby is so out of sorts at present that only one Welshman would get into a British Lions' side.

The good news for those from the land of the leek is that Alan Davies has set about his duties as coach to the national team with flair and vision. He replaced the Stakhanovite coaching techniques of his predecessor with a lighter, defter touch. He raised the players' confidence, tried to make rugby a game to enjoy, not endure. He has employed sportsmen and coaches from other disciplines to talk to his players about fitness and has recruited some of the most influential names from Welsh rugby of the past two decades to help.

Whether it will be sufficient for Wales to achieve Davies's target of winning one of their four matches in the five nations remains to be seen. Wales have to play France at home, which is far better than facing them in Paris.

England, however, must be faced at Twickenham. How Wales will set about the task of countering the twin towers of Martin Bayfield and Wade Dooley, England's gigantic locks is just one question that will be answered in the next five weeks.

All I want is the start of a Welsh revival, a sign of something to sing about. A strong Welsh team is good for the game. No one can deny that, not even an Englishman.

Gaming/**David Spanier**

# High risk game for top casinos

IN GOOD times and in bad, the British love to gamble – and nowhere more intensely than on the so-called Mayfair strip in London. The drop, or money exchanged for chips, in London's casinos reached almost £1.2bn last year. But the top clubs face an uncertain future.

Casinos in trouble include the Ritz in Piccadilly and Les Ambassadeurs in Park Lane. They face the ultimate risk: that they may be closed down – *rien ne va plus* – if the police and Gaming Board decide to oppose renewal of their licences following a dawn raid last June.

The recession has not hurt the gaming industry. High-stakes players such as Australian tycoon Kerry Packer or Saudi Arabia's "Mr Fixit", Adnan Kashoggi, are still often seen at the tables.

The high-rollers come mainly from abroad. The British do not, it seems, have the money these days to play for life-and-death stakes, as the scions of the shires did in the heyday of John Aspinall, formerly one of Mayfair's leading casino proprietors. However, Aspinall is planning a comeback later this year with a new licence which might well flush out old English money again.

Nowadays it is to the Far East – Malaysia, Hong Kong and Japan – that the casinos look for big-money players. A handful of flamboyant gamblers are prepared to play off a credit line of six figures and gamble £500,000 in a weekend.

Betting £1,000 on an individual number at roulette and covering all the numbers round it, a player can rake in as much as £396,000 on a single coup and put a serious crimp in a casino's finances. If the wrong number comes up, the player loses £40,000. Top casinos will take bets of £50,000 a hand at punto banco (the British form of baccarat) and £10,000 at blackjack.

When one of the internationally-known high rollers comes to town, rival casinos buzz with excitement. Which club will the player favour? No matter that such gamblers, if they hit a winning streak, can clear enough to make or break the house; the action is what counts. If the player returns the next night the law of probabilities will reward the casino.

It is the competition between casinos to attract high rollers from abroad that could, in part, explain the present crisis.

The Ritz Club is the most successful casino in London, with an annual profit of around £8m. From the famous Ritz bar, with its gilt and mirrors, to its temple of gaming tables attended by votaries gowned by Yuki in flowing red silk, it reeks of luxury.

The newly re-opened Les Ambassadeurs, in Hamilton Place at the end of Park Lane, is a former Rothschild mansion and a celebration of high Victorian taste. Its restoration cost £7m, which the company is said to have recouped in the first three months of play.

Nemesis came out of the blue. London Clubs, owner of these and four other London casinos, was about to go public with a long-planned share flotation when, at 3.45am last June 6, 250 police and the entire inspectorate of the Gaming Board descended on its main casinos.

The police were as discreet as they could be. The gamblers, intent on the final spin of the wheel before the night was over, were not disturbed. Instead, as soon as the clubs were empty the police began removing all the company's files and computer records.

The police said they chose that time so they could remove all the papers they wanted. Woken from their beds, managers organised copying machines across the casino floor. Around 50,000-60,000 documents were removed.

What, though, were the police looking for? What would have justified such a dramatic raid on London's most successful casino group? As yet, there are no answers.

"We have been waiting for six months but we are still in the dark," says London Clubs' management. "It's a very difficult time for us because we have 2,300 staff who are fearful for their jobs. All we can do is wait it out."

A decision on whether to proceed against the company will have to be made shortly, if only because its casino licences come up for renewal in the spring.

The Gaming Board has given no hint on whether it is worried by so-called technical issues – complimentary services ("comps") to players or control of credit and clearing of cheques – such as led to the closure of Playboy's casino in Park Lane 10 years ago. Such matters are regarded as the touchstone of good conduct in British casino gambling.

The guiding legal principle is that casinos are prohibited from inducing players to gamble. But there are grey areas. For instance, it is not clear how far overseas players may be offered "comps" such as air fares and hotel suites.

Casinos from Monte Carlo to Las Vegas to Darwin offer comps as the easiest way of bringing in good customers. British casinos, striving to compete, are restricted in what they can offer by way of hospitality. In a celebrated dictum, the board once suggested diaries and pens as suitable gifts to favoured customers. In practice, there is no objection to players being entertained to dinner in the clubs or chauffeured to events such as Ascot or Wimbledon.

For the past decade, since Coral and Ladbroke were forced to dispose of their casinos after charges of corruption, the chief danger to the British casino industry has been its dullness. Now rumours abound, some quite lurid. It is said that some London casinos are the haunt of call-girls, although that seems unlikely. There are many pretty women to be seen at the tables; but any woman can wear a designer dress and carry a Chanel handbag.

In spite of London Clubs' anxiety about its future, the wheels are spinning as fast as ever. The company hopes to make a profit of more than £20m this year. After the raid, the management had an independent check done on its books and claims to have found no cause for concern.

Whatever happens, the present case is the biggest event to hit British casinos since the shake-out of Ladbroke and Coral and the departure of Playboy. The industry is worried about its good name. The threat facing London Clubs shows that the risks of casino gambling are not all on the players' side of the table.



Motoring / **Stuart Marshall**

# A tax cut you can afford

Right Hon Norman Lamont,
Chancellor of the Exchequer,
11 Downing Street,
London SW1

Dear Chancellor,

There is a rare opportunity for you to please industry and environmentalists alike in your next Budget. All you need do is remove some of the unjust financial penalties on those who buy or use cars that save energy and put less muck into the atmosphere.

When your colleague, Malcolm Rifkind, the Secretary of State for Transport, addressed the Society of Motor Manufacturers and Traders last December, he called for a 40-50 per cent improvement in vehicle fuel efficiency by the year 2005. He rejected sweeping government restrictions on car use as "barely worth contemplating" and advocated the development of alternative fuels.

We have one already; diesel. Diesel-engined cars use a lot less fuel than their petrol equivalents. Official figures produced by the Department of Transport put the saving at around 15 per cent. In fact, according to a report called *The Diesel Passenger Car in a Green World*, by Britain's internationally-renowned Ricardo Consulting Engineers, their actual benefits are twice that.

The official (EC 15-cycle) consumption figures are obtained by testing cars with fully-warmed engines. In real life the average car journey is under 10 km (six miles) and many start with cold engines. Petrol engines guzzle fuel while warming and catalytic converters do not work properly until hot. So, during this time they are uneconomical and their exhausts are dirty.

By contrast, a diesel's consumption is much the same whether warming or at working temperature, and the exhaust is just as clean. Cleaner and less damaging to the environment, in fact, than that of a comparable petrol engine, even one with an elaborate catalytic converter.

Ricardo tested two cars – one with a 1.8-litre petrol engine, the other a 2.5-litre diesel version – for a full year and 30,000 km (18,640 miles) of urban and rural use. They used petrol at the rate of 10.64 litres per 100 km (26.55 miles per gallon) but diesel at only 7.89 l/100 km (35.8 mpg). The real-life saving: 35 per cent – and that is just on fuel. There is a corresponding reduction in the nasties flowing out of the exhaust.

What financial reward is reaped by the business driver of a diesel car? Often, it is a thumping increase in personal tax liability.

Drivers who pick a Peugeot 605 SRD turbo-diesel (official average fuel consumption 41.9 mpg, or 6.74 l/100 km) instead of a two-litre petrol-engined 605 SLi (29.4 mpg, or 9.6 l/100 km) more than double their personal income tax liability from £55.21 to £114.58 a month.

Their crime: picking a car with an engine a few cubic centimetres over two litres in cylinder capacity and costing a little more than the magic (and arbitrary) £19,250 list price.

There are several ways in which you could remedy this unjust situation. You could raise the engine capacity tax break on diesels from two litres to 2.5 litres. (A diesel must be bigger than a petrol engine of similar power). The 10 per cent special car tax could be removed or reduced, or the £19,250 price limit raised, just for diesels.

You would reward, not penalise, those sensible and responsible enough to run diesels and encourage others to follow their good example.

You might care to note, too, that most EC states have a wider differential than the UK between petrol and diesel prices. (In France, diesel is two-thirds the price of unleaded petrol. About 40 per cent of all new cars there are diesels, compared with under 10 per cent in Britain).

Of course, unleaded petrol is better for the environment than leaded, particularly in cities. Unleaded is essential if a car is to have an exhaust catalyser, as all new ones must by January 1 1993. But its benefits have been exaggerated and its disadvantages – such as higher fuel consumption – are overlooked.

In the same way, the diesel car's benefits have been overlooked officially. You have a chance to put that right, Chancellor. A little discrimination in favour of the diesel car will earn you the thanks (and, perhaps, the votes) of Britain's growing band of diesel car-users. You will please the car-makers (all big British-based manufacturers make diesels).

Companies cutting the cost of running business cars will praise you. Environmentalists – the kind with their feet on the ground – will approve.

Yours sincerely,
STUART MARSHALL

HOW TO SPEND IT

# Couture in a cold climate

***Lucia van der Post** on the task facing Marc Bohan as he tries to lift the House of Hartnell on his elegant shoulders*

IT IS exactly a year since Marc Bohan, hired by Manny Silverman to breathe new life and commercial health into the House of Hartnell, launched his first collection for Hartnell. The timing could hardly have been worse. The Gulf war was about to start, the recession was well under way. Americans stayed at home in their droves and nobody was in a mood to shop at all, let alone to spend thousands at couture houses.

Marc Bohan, in his lugubrious French way, is straightforwardly honest about it all. "It was a perfectly dreadful start," he admits. "Couture needs big social occasions, parties, weddings. Nobody dresses up just to sit by themselves. When we took the collection to New York in March it was just at the end of the war and nobody was in an optimistic mood. There was no dressing-up, no jewels. But," he says, brightening, "we have survived all that. Now I have an excellent team in place who understand how to work my way. That has been a struggle because the way I worked in Paris was very different from how people work here. We just have to go up."

However, Manny Silverman, the man who rescued the house from the brink of bankruptcy, sounds surprisingly buoyant. "It has been one of the worst season's for women's retailing that any of us can remember and yet we have still done a potful of business. We have seen new people in here that we would never have seen before. Marc has also taken us on a steep learning curve – it has been almost vertical – building up the salon more or less from scratch. But now we have a team that Marc approves of in place we are much more efficient and that should make us more competitive. If we can maintain the progress that we are currently making then I am confident that in about 18 months we shall start to see a positive return on our investments."

The plans are the same ones he spelled out to me when he first rescued Hartnell from the brink of receivership. "We did not go into this business just in order to be couturiers," he told me then. "We went into it in order to establish a brand which we then hope to licence around the world, but in order to do that we need to be very, very good at couture."

He feels that with Bohan at the design helm he has somebody who is good enough at couture to establish a brand big enough to begin to expand.

Left: Marc Bohan at work at the Hartnell headquarters at 26, Bruton Street, London

Next week Bohan's latest couture numbers go down the catwalk before press and customers. Waiting in the wings, ready to go into some 60 top stores, will be the first of Bohan's ready-to-wear lines for Hartnell.

Anybody who falls for one of Bohan's couture numbers can expect the price to run to thousands but now, for a fraction of the price, they will be able to buy the same handwriting, the same Bohan look, for £500 to £600 for the suits and from £200 for the dresses. What they will not get, of course, is the personal service, the hours of handwork, the fittings, the luxurious fabrics, the total exclusivity. The designs stem from the same source, but the end product is made in a different way.

There are those to whom £500 for a suit, £200 for a dress may still seem a lot to pay but bear in mind that this is no more than many designers without a couture house and a huge international following behind them command and considerably less than Chanel, Valentino, Karl Lagerfeld and the like expect to get.

Sketched above by Marc Bohan are three designs from the new Hartnell ready-to-wear collection to be launched next week. Left to right: chiffon dress and jacket in navy or black, sizes 8-18, £395. Navy and jade (or black and fucshia) silk and viscose suit, sizes 8-18, £450. Peach (or stone) short sleeved dress in wool gaberdine, £249. All from Hartnell, 26 Bruton Street, London W1, Harvey Nichols, Knightsbridge, London SW1, Selfridges, Oxford Street, London W1, Fortnum & Mason, Piccadilly, London W1, Jane of Newmarket, Cambridgeshire, Ideal Clothes of Stratford-upon-Avon and Jane Young of Newark, Nottinghamshire

The first ready-to-wear spring/summer collection (three designs from which are sketched exclusively for us here by Marc Bohan) features some 40 different garments – everything from day suits, pantsuits, jackets, coats and dresses through to After Six and evening dresses. Deliveries will start next week and by the end of January they should be in a whole range of the best stores, including Harvey Nichols, Fortnum & Mason, Selfridges, Beale & Inman, Jenners of Edinburgh and others.

The look is short and sassy, with long jackets worn over full or pleated skirts. Fabrics are very light, very floaty with lots of organdie and chiffon and Bohan uses a lot of blue, every shade from navy through to palest aquamarine.

Silverman, quite rightly, attaches enormous importance to this collection: "In terms of brand-building and of everything we hope eventually to do, ready-to-wear is absolutely vital."

Amanda Verdan, fashion director at Harvey Nichols, is excited about the new range. "It is lovely. It is also important to us because it is an established brand-name which under Marc Bohan now has a fresher, more updated style. I can see it appealing to our fashion-minded customers, who need special occasion clothes to take them through the spring and summer events."

But there is no stopping Manny. A de luxe range of ready-to-wear at intermediate prices – £850 to £1,750 – and including everything from day-dresses to glamorous evening will be on sale by the end of January exclusively (for the moment) at 26 Bruton Street, London W1. In the pipeline, already designed and just waiting for the autumn, is a range of cashmere and lambwool knitwear, all designed and coloured by Bohan and all of which work with the ready-to-wear collection.

Wedding dresses have traditionally been important to the House of Hartnell – through this last difficult year it is the British habit of making an effort for events such as polo, Ascot and weddings that has seen couture houses through – and a line of 12 to 15 ready-to-wear wedding-gowns is on the drawing-board.

Vogue Patterns has bought the rights to three of Bohan's last year's spring collection. Discussions about a men's shirt agreement are under way, a range of designer ties being pondered. Menswear, which Bohan did so successfully for Christian Dior, is possibly next in line and after that, who knows? Perfumes, scarves, the possibilities are endless. In short, "if," to quote Silverman again, "we can maintain progress," it should not be long before we have a complete couture house, French-style, here in London. Everything is set to go – all that remains to be seen is whether this time round, with a deep recession still to cope with but at least no Gulf war and more Americans in town, women have enough "dressing-up" to do to need the clothes that Hartnell makes. A lot is resting on Marc Bohan's shoulders next week.

## A basic post modern look

Above: soft double jersey top, also in masses of colours, £19 worn here with cotton chinos, £39. Left: sandwashed twill cotton shorts, in lots of colours, £25 for men, £22.50 for women

IF DESIGNER labels were all the rage in the 1980s, basics are what the '90s seem to be about. No more razzmatazz, no more over-the-top glitz and glamour – sweatshirts and plain cotton shirts, chinos and singlets, leather belts and loafers are what the retailing gurus see as the way to fame and fortune.

Who says so? Well, David Krantz, for one; and if his name does not mean much to you, then Blazer, the chain he founded, probably does.

Blazer started as one shop in Golders Green in north London in 1979. By the late 1980s there were 25 stores, all purveying a well-bred Anglicised version of the "preppy" look that was then all the rage but hard to find.

Blazer's reputation and influence spread. Krantz sold out to the Storehouse Group for £5.4m in 1987 and spent a few years enjoying the money and musing on what to do next.

Basics, sold by mail order, is the result. He chose basics because he believes that "people are fed-up with over-the-top fashion. They want comfortable and reasonably-priced clothes in good quality fabrics and great colours." And he opted for mail order because: "With rising high street rents and staffing costs, that is the best way to deliver value for money to the customer."

This weekend sees the launch of his collection of casual, dress-down clothes for men and women called Racing Green. In his splendid, full-colour catalogue there are all the classics we have come to expect – vat-dyed cotton twill shirts (£32), button-down Oxfords (£35), polo shirts (cotton double pique, in masses of colours, £19), cotton chinos (£39 for men and women), crew-neck jumpers and so on through the the staples of most modern wardrobes.

Items like these used to come cheap but now they do not. In one of those strange evolutions of attitudes, the modern consumer seems to demand more in the way of quality, finish and detailing from basics than from fancier gear. There is more snobbism attached to wearing the right pair of jeans, the just-so polo neck and the real leather belt than there is to party wear.

I am all in favour of basics, and wear them often myself, but, as the fashion industry makes a synchronised turn away from distinctive, look-at-me status clothing towards high-quality basics, is there not a danger of conformity? Can the market-place support so many companies doing the same sort of thing, no matter how well they do them?

Perhaps this is the time for the sartorial version of contra-cyclical buying. There are investors who sell as everybody buys, and buy when everyone sells. The really clever designers could be those who, even now, are sewing the sequins on their glitziest, fanciest, most outrageous range ever.

■ For a catalogue telephone 051-707 2020, fax 051-708 8803 or write to Racing Green, Heming Way, Liverpool X, L70 1RX. Lines are open 24 hours a day, every day. Krantz says orders will be delivered within days in a sturdy box with the clothes wrapped in Racing Green tissue paper.

***L v d P***



## A new lot of crafty ideas

WHILE most of us associate auction rooms with things old, rare and precious by artists and craftsmen long dead and buried, Bonhams, the auction house based at Knightsbridge, west London, has seen that there is another sort of saleroom market – for things utterly contemporary.

Not that Bonhams has been alone in trying to develop this market. Sotheby's and Christie's each has dipped a toe into it – and then withdrawn hurriedly when profits failed to match expectations. But Bonhams, having developed the market for contemporary ceramics so successfully, has decided to persevere but to re-think its strategy.

It has decided that the auction formula, although highly successful when selling established names and reputations, does not work so well with contemporary furniture and other applied arts; the public, it seems, needs more time to look, ponder and decide. Instead, Bonhams will on Monday open a two-week selling exhibition, Decorative Arts Today, at its rooms in Montpelier Street, Knightsbridge.

Those interested will be able to see (and, of course, buy) work designed and made by 150 different British contemporary designers and artists. Everything will be hot from kiln, workshop or studio. The full gamut of arts and crafts disciplines will be on view – jewellery, furniture, ceramics, floor coverings, glass, jewellery, lettering, bookbinding, lighting, metalwork, musical instruments, silver, stained and decorative glass, wall hangings and wood.

Many of the designers – such as Floris van den Broecke, Senior/Carmichael (who have made a £28,000 walnut table for which there is an interested buyer already), Ron Arad, Fred Baier and Richard La Trobe Bateman – are very well-known in their fields. Most have produced pieces specially for the exhibition.

Peta Levi (its curator) has encouraged the designers to produce items that are practical as well as beautiful – things like beds (there is a marvellous, austere four-poster by Paul Neil Rathkey for £5,700), bedside tables, dining tables, library steps and so on. It is undoubtedly a unique chance to see the finest contemporary work and, perhaps, a chance to begin a small collection of your own.

Everything on view is for sale and every piece is a one-off. Although some of the very fine pieces – such as a silver tea service by Robert McEwan and the larger pieces of furniture – are expensive, there is plenty to buy at less than £1,000. Spalted beech bowls and vessels by Bert Marsh start at £15 as does jewellery by Jane Adam, while Maurice Long's two-candle wall sconce is £90 and some beautiful curving ash hanging shelves by Trannon Furniture (David Colwell and Roy Tam) are £98.

Styles range from simple, almost Shaker-like simplicity (the hanging shelves) to the wild, Memphis-like *joie-de-vivre* of Sarah Greaves Stewart's furniture. As Peta Levi puts it: "After all the bleak sales, how cheering to see such a wealth of innovative but practical design and such superb craftsmanship."

The exhibition is open every day from January 20-29; 10 am to 5 pm weekdays and 11-4 on the Saturday and Sunday.

***L v d P***

Above: Metamorphosis, one of a pair of bedside tables in laminated cherry with cast aluminium and pewter details by Nicholas Kary, £1,400 (plus VAT) each.
Left: etched oxidised silver enamel and gold leaf earrings by Sophie Harley, £135.

MINDING YOUR OWN BUSINESS

# The hard slog of sharing the rural good life

***Nick Garnett** looks at the inns and outs of life in North Yorkshire*

ROSEDALE Abbey, a village on the edge of the North Yorkshire moors, nestles in the kind of secluded valley that makes much of the British countryside so beautiful. For Terry and Joan Bentley, who bought the Milburn Arms hotel 15 months ago, living there in the seclusion of Rosedale is a joy. But it carries a penalty.

Rosedale's relative isolation means there are no large population centres nearby and winters can be tough. "People have to make a conscious decision to come to Rosedale. There is no passing trade," says Terry. "One thing that has surprised me is the tremendous difference between peak and low seasons. The winter is a struggle."

Yet, despite the Gulf war and recession – which combined to lower turnover 20 per cent below target in the Bentleys' first year at the Milburn Arms – they are delighted to own the 11-bedroom, 18th-century inn. "It has been more difficult than we expected but we are glad we purchased it. It has a lot of potential. The product is 80 per cent right and all we need is a better general trading environment," says Terry.

Until 1988, he had been international sales manager for Portakabin in York and then overseas manager for Dexion, a materials-handling company. "We'd spent so much of our married life apart. We sat down one Christmas and decided we'd do something else."

The couple bought a small hotel outside York in 1988 and, after a speculative offer, sold it at a profit the following year. Having been gazumped by £30,000 on another hotel, they purchased the Milburn Arms in October 1990, having known the previous owner.

They paid several hundred thousand pounds ("though quite a bit below half a million") for the handsome, stone-built hotel and six acres of farming land. Of the purchase price, just 27 per cent was borrowed – from the Skipton building society. "Banks really are not too helpful," says Terry. "We took a commercial loan from the building society. They were much more competitive and interested." The Bentleys also had £35,000 in cash earmarked as a trading float to get the new business up and running.

Terry stresses the importance of preparation: "People should not go in blind." The accountant he used knows the hotel and entertainment industry very well. "He picked the previous owner's balance sheet apart. He was in tune with the issue of margins in different areas of the business – the bar, the restaurant, and so on. Having an accomplished accountant is very important."

Terry had three months' training in hotel management in the 1970s. When he bought his first hotel four years ago, he took a three-month residential course supported by the recently-disbanded Hotel and Catering Training Board.

You cannot be prepared for everything, though. The recession, Gulf war and a blizzard at the end of 1990 – which took out electric power for a week – dented trade seriously. In their first year to October 1991, the Bentleys were £80,000 adrift on the previous year and 20 per cent below their original target of a turnover of just under £400,000. The bed occupancy rate has been running at below 60 per cent against the 85 per cent the Bentleys hope to achieve. "The recession has bit a lot harder than we thought and we are not out of it by a long chalk," says Terry.

The hotel purchase did come with certain benefits, however. High among them were two trained chefs, who were retained by the Bentleys. Using a mixture of permanent and casual staff, the hotel's annual wage bill is between £50,000 and £80,000. Staff accommodation absorbs six rooms aside from the 11 for letting.

The Milburn Arms makes a big play of its food. The bar menu includes hazelnut and brown rice bake, smoked mackerel and brandy paté, and shellfish and halibut hotpot. The five-course evening meal in the restaurant (tiger prawn tails, fillet of beef with Stilton sauce) arrives with a fixed price of £16.50. Vegetables are bought fresh from a local wholesaler, game is acquired from farms, and fresh fish is delivered by van twice a week from Whitby.

One other benefit was that the previous owner had converted and extended the place, including turning some stock barns into bedrooms. All letting rooms are doubles with full en-suite bathrooms; they are finished in such woods as teak and pine.

The dining room is on two levels and looks out on open country. Although there is central heating, the Milburn has three open fires fuelled by coal and logs.

There is one structural problem. The inn is also the village pub and the large, smoky bar with its heavily-occupied pool table does not offer the kind of venue for eating that all overnight stayers appreciate. Then, too, there is competition from the bar of the White Horse Farm hotel, the village's other inn. So, the Bentleys are planning to add a residents' bar as well as a conference centre. The Milburn's real-ale bar is crucial, providing more than 40 per cent of total turnover. Bed and breakfast costs £28.50 a person with a single occupancy supplement of £7.50.

The hotel uses an advertising agency and also pays around £1,000 a year to be part of the Consort Hotel and Wayfarer Inn group. Membership of this chain of independent hotels and inns provides some advertising at competitive rates.

Terry is hoping to tighten the management belt and generate a small profit this year. This is being done partly through better cost controls and reducing food wastage by, for example, buying cuts of meat that can be used in a variety of dishes.

Such attempts at cost control make the new uniform business rate even more galling. The present rate of £3,000 has risen to £10,000 and will increase steadily over the next few years, something against which the Bentleys are appealing. "The uniform business rate is disgusting," says Terry. "It has ruined a lot of small businesses."

Despite the drawbacks, the Milburn Arms does provide a reasonable living and staffing levels have allowed the Bentleys to take holidays. It has been included in such publications as the Consumers Association's Good Hotel Guide but the couple are looking for something that will get the business moving a bit quicker.

"Unless you get a Michelin star or an AA rosette, it can be a long climb," Terry says.

*The Milburn Arms Hotel, Rosedale Abbey, Pickering, North Yorkshire YO18 8RA. Tel. 07515-312.*

"It has been difficult but the potential is still there". Joan and Terry Bentley, owners of the Milburn Arms Hotel

Computing/David Carter

# Quattro – a spreadsheet with class

IT IS April 1991 and *What Micro?* magazine is handing out its awards for the year's top software packages. In the Professional Spreadsheet category we read that "Borland's Quattro Pro 2 is steadily eroding Lotus 1-2-3's market share on character-based DOS machines ... For those with low-end PCs and text-only displays, Quattro Pro 2 is now the one to buy and a worthy runner-up to the more flashy graphics-based leaders."

*What Micro?*'s award comes as no surprise. Since its introduction in 1989, Quattro Pro 2 has sold more than 1m and gained 40 industry awards world-wide. In 1990, Infoworld magazine made it Spreadsheet Product of the Year; in 1991, it was the Readers' Choice in Byte magazine. Naturally, with that sort of pedigree Quattro Pro 2 does not come cheap: £395 plus VAT.

It is now September 1991 and Borland is pleased to announce the release of Quattro Pro Special Edition, for the home and small business, at £49.95. Obviously, you might think, at one-eighth the price of its big brother it can offer only a fraction of the features. In the computer world, though, things are not always as they seem. In fact, Quattro Pro 2 and Quattro Pro SE are one and the same product.

With the quiet drop in price of Quattro Pro, there is now an embarrassment of riches in the world of cheap spreadsheets. The market leader has always been Lotus 1-2-3, but its price of £296 surely looks unsustainable when set against £49 for Quattro Pro and £79 for another award-winning spreadsheet, Supercalc 5 (itself drastically reduced from £395 late in 1990). Nor should you forget As Easy As, a "shareware" spreadsheet also awarded a prize by *What Micro?* and costing only £45.

All three of these packages offer splendid value – but which one should you buy? All are "Lotus-compatible" in that they can read and write 1-2-3 files, but Quattro Pro and As Easy As (hence its name) go further and operate in virtually the same way as 1-2-3. Anyone who learns his spreadsheets on Quattro Pro or As Easy As will easily master 1-2-3, and vice-versa.

Of the three, however, there is a decisive argument in favour of choosing Quattro Pro SE – its "pull-down" menu structure. Based on a "menu bar" which runs across the top of the screen, this structure rapidly is becoming industry standard. It conforms to CUA, the Common User Access style developed by IBM and adopted by Microsoft in its "Windows" operating system. Virtually all new packages now conform to CUA.

If, after buying Quattro Pro SE, you get a word-processing package, the chances are that it will look very similar and, consequently, will be easy to learn. By contrast, Supercalc and As Easy As are idiosyncratic in structure; in a sense, anyone who chooses them is leaving the mainstream of present day standards. The clincher for Quattro Pro is its documentation. In a very sensible move, Borland has taken a third-party self-teach book from Sybex and re-badged it as its own manual. It is too long, but it contains plenty of tutorial material and is far more helpful than the documentation usually produced by the software companies.

So, not only is Quattro Pro SE a bargain at £49 but, within the price, it also throws in a self-teach book that would normally cost you £20. By the way, people invariably talk about spreadsheets as number crunchers. They are not. They are information managers and, with database features, can be equally valuable for handling text as well as numbers. After you have got your bearings, make a point of going to chapter 14 of the manual, "Building a Spreadsheet Database," which shows you how to set up a database of names and addresses, and how to sort and extract records.

Conclusion : Quattro Pro 2 is a beautifully-crafted piece of software, state of the art in design but very easy to use. It fully deserved its 40 industry awards when it was a top-of-the-range product costing £395. At this Special Edition price of £49.95, it is an irresistible bargain.

(Quattro Pro Spreadsheet Special Edition is available from retailers such as Dixons and Wildings, or ring Borland on 0734-321 150).



# Write a letter to your wife

Q&A
BRIEFCASE

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

MY WIFE and I own our house as joint tenants, under a deed of gift set up when we were married. As we get older, it will become more advantageous to own the property as tenants-in-common.

Do we need to get a solicitor to draw up formal deeds to alter the method of ownership or will a simple statement, suitably witnessed, be sufficient?

Do I need to lodge such a statement with the Land Registry, and with the building society which holds the deeds as security for the mortgage?

■ You do not need a witnessed document, or a solicitor. One of you should write a letter to the other stating "I hereby give you notice of severance of the joint tenancy under which we hold the property (description) to the intent that we shall henceforth hold that property on trust for ourselves as tenants in common in equity". You should apply to the Land Registry to enter a restriction to reflect this, supplying a photocopy of the letter. It is wise for the recipient to sign an acknowledgement of receipt of the letter.

## Homework on house rental

ARE THERE any publications which may guide me through the methods and pitfalls of letting a house on a short term lease until the property market improves?

■ The consumers' Association *Which?* guide to Buying, Owning and Selling a Flat may be of assistance. The Law Society produces short guide leaflets. However, it would be wise to consult a solicitor if you are going to effect a lease of the property but need to ensure vacant possession at the end of the letting.

## Double investor protection

I UNDERSTAND that if a building society failed, the deposit protection scheme would reimburse the first 90 per cent of deposits up a maximum of £20,000 per individual.

My wife and I have a joint building society account. If our society were to fail, would we each be eligible to receive the first 90 per cent of deposits? Would it be better to have separate accounts?

■ Each of you is entitled to the full protection so long as the joint account is not held for only one of the account holders beneficially. It is not material whether there are two separate accounts or one joint account held for the two account holders beneficially.

## Costs of equities

INVESTORS regularly need to establish acquisition costs of their equity holdings for estimating capital gains. When various classes of shares, scrip issues and warrants etc. are involved, this can be a difficult and time-consuming problem. Are there any references that list and update this information on a regular basis?

■ In a local library, look for either the *Extel Capital Gains Tax Service* published by Extel Financial Ltd or Stubbs Adjusted 31.3.82 Base date Prices published by Dunn & Bradstreet International. The cost of both services puts them out of the reach of most private investors.

## A prized inheritance

YEARS ago my wife's father bought premium bonds (£25 each) for our three children. With their agreement the bonds were replaced by £75 worth in my name, to achieve equal benefit from any large win, which is what their grandfather would have wished.

Now we see that a win could be liable to inheritance tax. Can the bonds, or replacements in joint names be put into a trust to benefit only the children, with access to any income?

■ From what you say it seems that the bonds are already held on trust for the three children as joint beneficiaries. If so this should be confirmed in a declaration of trust made by the bond-holders. If not, they can be put into trust, but only with the agreement of anyone who might be entitled to a specified bond, or its winnings. There should be no income from such a trust.

FOOD AND DRINK

# The latest salvo from Bordeaux's artillery

*Jancis Robinson tries an unusual new white wine from the heart of Bordeaux*

NOT MANY people would have the winemaking confidence to launch their new dry white immediately after serving Krug 1955 champagne.

Come to think of it, not many people nowadays have the financial confidence needed to open even one magnum of Krug, let alone the six or so that preceded the lunchtime launch of Blanc de Lynch-Bages. But then its *patron*, Jean-Michel Cazes, is in an exceptional position.

He is one of the few Bordeaux growers who has been gaining rather than losing control of what he produces and – possibly thanks to his early working life in the US – is one of a handful who seem part of a world larger than Bordeaux. He took over the family properties, notably Château Lynch-Bages, the Pauillac fifth growth widely regarded as a second, back in 1973 when he was in his 30s and has made sure that it has more than kept pace with soaring wine quality since then.

But nowadays much of his time is taken in directing the strikingly ambitious wine interests of the French insurance group AXA, built up by his old classmate Claude Bebear. Across the road from Châteaux Latour and Pichon-Lalande, the Pauillac second growth Château Pichon-Longueville has been rapidly transformed from dangerously derelict to dangerously decadent (the only place where I have climbed a little set of wooden steps into a canopied bath – and was rather surprised not to find a raft of nymphs there offering to scrub my back). The luxurious château building is still surrounded by a sea of mud from which bulldozers and cranes are attempting to create the reality of Cazes' decidedly un-Médocain vision of a winery and visitors' centre.

The interior decorators have moved down the road to Margaux's Château Cantenac-Brown, another property that AXA Millésimes is in the process of restoring to its former glory (although this one was cleverly bought just after its vat room had been entirely modernised). As well as Burgundy's Clos de l'Arlot and a clutch of Bordeaux second wines, AXA controls Châteaux Franc-Mayne in St Emilion, Petit-Village in Pomerol and, scarcely worth mentioning, the "bourgeois" Pibran in Pauillac, more convenient than most from the point of view of Cazes' own family domain.

That this domain exists at all in Bordeaux's keenly stratified society is something of a miracle. Cazes' great-grandfather was a *montagnol*, an itinerant agricultural worker from one of the poorest parts of the Pyrenees who set up an early sort of youth opportunities programme in Pauillac for the lads back home.

His son, Jean-Charles, did well enough to acquire Lynch-Bages in 1933 (although none of today's glamour attached to the wine business then) and he then ran it for 40 years. Jean-Michel's father André, still very much a presence at Lynch-Bages, ran the local co-op and was Pauillac's insurance broker.

The evening after his new white's debut, Jean-Michel Cazes was particularly relaxed. Playing with a glass of Roederer Cristal this time, he gazed into one of three scented wood fires that had been lit to give the white shell of Château Cantenac-Brown that lived-in feeling and reflected: "I remember my great-grandfather. He wore sheepskin and hardly spoke French. The Médoc has always been colonised by outsiders; it has no history of its own."

But hang on a minute. The wines of the Médoc are supposed to be red, aren't they? Well only up to a point. Some white grapes have always been grown in among the more famous red ones, or more accurately ink-blue ones, of Bordeaux's northern outcrop of the most famous names in the wine world.

Historically they were either thrown in with the red and their existence barely recognised or, like those inherited at Lynch-Bages, they were made into white wine for the personal consumption of those who grew them. More recently, however, the odd white wine has been sent forth into the world to make a statement.

Those of Château Loudenne (Grand-Met's isolated wine investment in the outer reaches of the Médoc) and Château Talbot (called Caillou Blanc) are designed to demonstrate the white wine making expertise of the international companies that own them. When the Mentzelopoulos family took over Château Margaux in the late 1970s it deliberately relaunched the domain's white rarity Pavillon Blanc as an early signal of its honourable intentions for this world-famous red wine property.

Blanc de Lynch-Bages is simply the latest salvo from the man who has the most impressive range of artillery in Bordeaux. His increasingly hardworked adjutant is winemaker Daniel Llose. Like Cazes, he has roots in the Pyrenees, having been brought up in Banyuls. He has made some great red wines, apparently the princess who kissed the once frog-like wines of Pichon-Longueville and Cantenac-Brown. At Lynch-Bages the 1989, 1985, 1988 and 1986 were all stunning in a blind vertical tasting for which the Krug 1955 was the reward.

But, having once done a *stage* in white wine country near Bergerac, Llose was keen to show what he could do with white grapes. Eleven acres of vineyard that did not qualify for the Pauillac appellation were accordingly planted in 1987 with equal portions of Sauvignon, Semillon – "because it ages well" – and almost 20 per cent of the traditional Bordelais white Muscadelle. The result is 1800 cases of 1990 Blanc de Lynch-Bages, a perfectly competent oak-fermented white that reflects current fashion and the men behind it considerably more than its Médoc roots. A useful, if rather expensive, first course wine for a Médoc dinner.

■ Blanc de Lynch Bages 1990 was allocated to four UK merchants and is still available at £16.50 from Corney & Barrow of London EC1. Tel: 071-251-4061.

Winemaker Daniel Llose — waving AXA's magic wand at a Lynch-Bages tasting marathon

Cookery/**Philippa Davenport**

# Old-fashioned is high fashion

LAST WEEK I made out that roast meat was *de rigueur* for Sunday lunch. Correction. A joint was and is the first choice but there are other options well worth consideration.

I have a personal love of boiled meats such as gammon, chicken *pot au feu*, silverside and leg of lamb (or, better still, mutton) served with a fennel, onion or caper sauce.

Another dish that allows the cook to treat Sunday pretty much as a day of rest is braised oxtail. This has to be cooked in advance in order to shrug off surplus fat.

Few meats are more lip-smackingly sticky and satisfying on a cold winter's day, and to eat such a dish now will please twice over those who like to keep abreast of the latest culinary trends, for oxtail is very much a meat of the moment. Old fashioned is high fashion in 1992.

BRAISED OXTAIL

*(serves 6 or more)*

The dumplings and prunes are optional extras here but I think it is a mistake to leave out the prunes as their spicy liquor makes a fine contribution to the gravy, and the fruits themselves are easy to avoid by those who dislike them.

For the basic braise: at least 4 lb of oxtail, cut into 2 in lengths (I use 2 whole large oxtail or the meaty parts from 3 smaller ones, saving the bony ends for soup-making); 1 onion; 2 celery stalks; 2 carrots; the juice of an orange; a glass of port; 1 pt beef stock or consomme; a bouquet garni; a spoonful of olive oil; 1 oz flour; a little chopped parsley.

For the spiced prunes: 6 oz large prunes; ¾ pt tea; 5 tablespoons port; the peel of a large orange, thinly shaved in long curls (the skin of the fruit whose juice is used in the basic braise); 1 bay leaf; 4 inches cinnamon stick, 5 cloves and 5 allspice berries, all bruised.

For the dumplings: ¼ lb wholemeal flour mixed with 1 teaspoon baking powder; a great deal of freshly grated nutmeg, coarsely ground black pepper and salt; 1 oz butter; 2 eggs.

First prepare the prunes as they will benefit from several days soaking. Measure the tea and port into a small saucepan. Add the orange peel, bay, cinnamon, cloves and allspice. Bring slowly to a rolling boil. Away from the heat, add the prunes. Cover and set aside in a cold place until needed.

A day before you plan to serve it, trim all visible fat from the oxtail. Dust the meat with flour and brown it all over in a little hot oil in a large heavy-based flameproof casserole.

Chop the onion, celery and carrots. Add them to the pot, pushing them down between the pieces of meat. Sprinkle on the rest of the flour, pour on the liquids and bring to simmering point, stirring occasionally.

When the liquid is simmering steadily, add the bouquet garni, some salt and pepper. Cover tightly, if necessary laying a sheet of greaseproof paper between the pot and its lid to make a good fit.

Put the casserole into an oven heated to 300°F (150°C) gas mark 2 and cook for 1 hour. Turn the pieces of oxtail over in the gravy, reduce oven temperature to 275°F (140°C) gas mark 1 and cook for 2 hours more.

Turn the meat again, switch off the oven and let the casserole rest in the residue heat for 1 hour. Then chill overnight.

Next day lift off and discard the surface fat. Place the casserole over a low flame and heat until the beautifully jellied gravy has liquified.

Remove and discard the bouquet garni, lift out the pieces of oxtail and reserve them, then whizz the remaining contents of the casserole in a food processor to puree the vegetables and so thicken the gravy a little. Return the gravy to the casserole.

Set the swollen prunes aside on a plate, discard their flavourings and fast-boil their liquor until reduced to a few sticky and well spiced spoonfuls. Stir this elixir into the gravy and return the oxtail to the casserole.

Cover and reheat gently in a low oven for about one hour or until the meat is very hot and meltingly tender. Turn or baste the oxtail occasionally during this time.

Fifteen minutes or so before serving, check the gravy for seasoning, add the swollen prunes to the pot, pushing them well down into the liquid, and make the dumplings.

For the dumplings, season the flour mixture lavishly and rub in the butter (these tasks can be done a day ahead). Then add the beaten eggs and mix until smooth. Shape with teaspoons into about 3 dozen baby dumplings. Drop each one as prepared into a shallow pan of barely simmering salted water and poach for 8-10 minutes, flipping them over at half time.

Drain the dumplings well, scatter them over the oxtail and sprinkle with parsley. Serve with a dish of floury potatoes, and cabbage, carrots or an undressed bitter leafy green salad.

# Italy's gift to Wales

*Giles MacDonogh visits the Taruschios in their Welsh eyrie*

My turn to make the tea: Ann Taruschio at the Walnut Tree near Abergavenny

THE CELTS generally are not noted for their ability in the kitchen. With the possible exception of Brittany, the one region of France I do not know well, no one would travel to a Celtic region for the food. In all but a few well-charted restaurants, Ireland is a gastronomic nightmare; Scotland has a few more good tables, but this new wisdom has not filtered down to the housewife or housekeeper; and then there is Wales.

Wales: leaks and laver bread, lamb (with terrible mint sauce), cockles and sewin (salmon trout), and hearty teas of *bara brith*; tarts and scones.

One thing which all the Celtic regions have in common is access to excellent raw ingredients. Wales is no exception: the lambs graze on particularly rich, verdant pastures and the same grass provides the cream for Welsh cheeses. The coast is not just a source for cockles and laver bread – Wales also offers lobsters, crabs and oysters as well as fish. Its fertile market gardens grow good fruit and vegetables.

This is how the marketing organisation, A Taste of Wales, would like us to see the principality: good local ingredients to be combined whatever way you will. Traditions largely are played down. Wales certainly has a culinary past, such as the *cawl* lamb stew (which turns out to be a close cousin of its Irish counterpart) or the now rare Carmarthen ham; or faggots, even. One notably Welsh practice, born of poverty, is the replacement of meat by cheese, as in Welsh rabbit (not rarebit, but an allusion to the fact that the Welshman had to content himself with a bogus bunny). Glamorgan sausages are another meatless dish.

Providing you select well, you may eat well in Wales at virtually any level. On a recent visit I was introduced to Menwen Stephens, a Breconshire farmer's wife who takes her cake-making talents all over the world to promote Welsh tourism. She rents out three rooms in her farmhouse in the Black Mountains and sends her "guests" home well-nourished on plain Welsh cooking.

Teas and puddings clearly are what she enjoys most, and it was she who explained to me that a Welsh "tart" was, in fact, a flattened pie – presumably a corruption of the French *tourte*. (Tel: 0814-711349).

A local pub with decent food is the Griffin at Llyswen, in the beautiful Wye Valley (0874-754-241). I visited the Griffin at lunchtime and was able to choose from an adventurous menu which included dishes such as jugged hare for £8.50. A lack of selection when it came to Welsh beer absolved me of my responsibility to drink Welsh (why no Brains?). I had a pint of Murphy's Irish stout instead.

Not far from the Griffin is the Lake Country House Hotel, in Llangammarch Wells (05912-202), owned by Pierre and Jan Mifsud. The Lake is as lovely an hotel as any I know in Britain with 50 acres of valley, stream and lake in a particularly secluded part of the countryside. The kitchen, however, could do with a mite more attention to detail. Dishes tend to be over-elaborate while sauces lack concentration. Deficiencies in the cooking are to a degree offset by the compendious wine list.

It is accepted generally that the Walnut Tree Inn in Llandewi Skirrid, near Abergavenny, is the best restaurant in Wales. Given its many accolades (including being cookery writer Elizabeth David's favourite), the informality of the place comes as a surprise. It is, as its chef Franco Taruschio says, a pub; but the best sort of pub, for all that.

There is a busy bar, a "bistro" and a restaurant; but the restaurant is deeply informal and the menu is the same in all three places. Most of the clients are local, due no doubt to the enormous warmth exuded by Franco and his wife, Ann, and their success in fitting into this remote community.

Franco's food is not exactly Welsh, but it does contain Welsh elements. The *amuse-gueules*, for example, are deep-fried laver bread, Glamorgan sausages and little fish cakes. The latter betray a slight Thai influence; a tribute, perhaps, to Ann and Franco's adopted daughter.

Another Welsh dish is Lady Llanover's salt duck which is served in rare, juicy strips with damsons. Franco is happiest using Welsh ingredients to recreate the food of his native central Italy, such as his *pappardelle* with hare sauce. It is not exactly a sauce, as the pasta comes with large chunks of hare in a sauce on top of *parmigiano-reggiano*.

At this time of year, game plays a major role in menus at the Walnut Tree: main courses included some perfectly-cooked local venison fillet and partridge with lentils and celeriac.

The portions are huge and that goes for the puddings, too. Somehow, Franco contrived to serve me three: a wonderful Christmas pudding ice (by far the best of the three I have had this year); a sticky toffee pudding; and a mince pie wrapped in thin pastry leaves. The Walnut Tree also has an exemplary wine list.

It is touchingly ironic that an Italian should make Wales worth the visit. But do not expect to pay under £35 a head.

# Chalet girls who aim for a touch of class

*The menus were ambitious, including a rustic Savoyard soup*

NEVER HAVING been on a skiing holiday, I must confess to a jaundiced view of what it must be like: too much organised exercise, garish colours ruining an otherwise sleek white landscape, and that thing they call après-ski – over-excited people telling boring stories about their triumphs and disasters on the piste over cups of mulled wine and plates of nasty food.

The food is a big consideration. On chalet holidays, this is the responsibility of "chalet girls", a genus which gives rise to many jokes but which is, to the best of my knowledge, meant to cook and keep house for the skiing parties.

Given the usual age, sex and social class of chalet girls, I would have assumed that the food they cooked would resemble the sort of thing prepared by well brought up girls in the West End of London: fish cakes, fish pie, shepherds' pie and, if you are really unlucky, overcooked roasts. Everything ineffably English, and boring to boot.

My eyes, however, have been opened – not to skiing, I should make clear, but to the culinary abilities of chalet staff – by attending a training course at Ombremont, a Michelin-starred hotel and restaurant on the shores of lac du Bourget near Chambéry.

All the chalet persons (there was one boy) had been engaged by a travel company called Ski Whizz, which operates skiing holidays all over the Alps. Of the group attending the three-day course, all had some type of cookery diploma and many had further experience; in short, all were capable of rolling out something more interesting than a fish-cake.

The star of the show was the chef, Gilles Vernisse, responsible for inculcating Savoyard cuisine into the heads of young cooks more used to an international vocabulary.

The menus were ambitious. They included a rustic Savoyard soup enlivened by triangles of tangy Beaufort cheese; a rabbit civet served with a polenta enhanced with bacon (it should be recalled that Savoy remained part of Italy until 1860); chicken quenelles; a potato gratin with Reblochon cheese; pork fillet served in a sauce made from Chambéry vermouth; a pork ragout; a Beaufort soufflé; Savoy cake, and grape clafoutis.

Most impressive was the enthusiasm with which the trainees grasped each technique. Even a vegetarian went to work with gusto and seemed to take a special pride in trimming pork fillets, while the chalet boy seemed the obvious candidate to smash up a great many rabbits into their constituent parts.

The students learnt about local products, especially the great local cheeses made from the Alpine Abondance cow: the dense Beaufort and Abondance cheeses, and the creamier Reblochons and Vacherins, and local wines such as Apremont, Abymes and Mondeuse, as well as the local vermouth. At the students' insistance Gilles Vernisse showed them how to put together a couple of vegetarian menus using local produce.

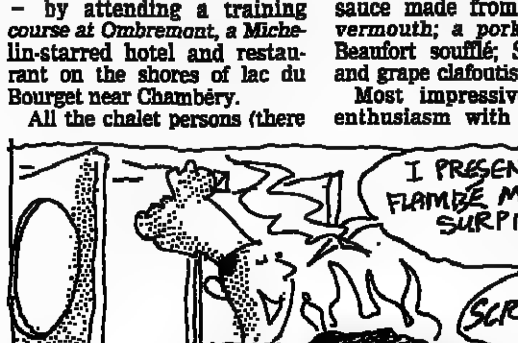
In the evening there was the chance to try out Gilles' inventions, such as his duck magret filled with foie gras and served with a truffle vinaigrette; a superb dish of snail ravioli with spinach and ceps; or a mussel soup with saffron and baby clams. For the fish, pollan had been brought from Lake Geneva and was served on a bed of leeks with the local, gentian-flavoured liqueur. Perch came marinated in basil.

Among the meat courses, lamb was served under an olive crust; a sausage of sweetbreads was arranged around leeks and morel mushrooms; and pigeon breasts came with minute Royans ravioli filled with Comte cheese. The puddings featured pear ravioli on a chocolate sauce, a brace of soufflés – one of Grand Marnier, the other of bananas – and a delicious nougat glace.

Now, I think that if Gilles Vernisse would consent to become a chalet girl, I would go to the mountain.

■ *Information: Ski Whizz, Astley House, 33 Notting Hill Gate, London W11. Tel: 071-757-5624. Ombremont, 73370 Le Bourget-du-Lac. Tel: 79 25 00 23. Menus at FFr195, FFr310, and FFr420.*

**G.M.**




Appetisers

# Top Italian tips

■ Three chefs from London's top Italian restaurants – Maddalena Bonino from 192, Francesco Zanchettta from Riva and Claudio Pecorari from Cibo – will be your teachers if you decide to join one of seven cookery courses to be run later this year by "Tasting Italy".

The courses will take place at La Chiara di Prumiano, a country hotel in Chianti. Mornings only will be spent in the kitchen.

The one-week courses, limited to 20, begin on May 4, 11, 18 and 25 and October 12, 19 and 26 and cost £795 per person including scheduled flights, accommodation, tuition and meals. Contact Sara Schwartz, Tasting Italy, 5, Stockwell Avenue, London SW9 5SY. Tel: 071-627-0475.

■ Sadly, more culinary casualties. Frith's in Soho's Frith Street has closed its doors and, in the next street along, La Bastide has also shut.

Gloom, too, on the news-stands. *Taste* magazine, which had risen from the ashes of *A la Carte*, folds. With *Taste's* demise there can be little hope of a British magazine to rival America's *Gourmet* or *Bon Appetit*, France's *Gault Millau* or *Cuisine et Vins de France*. Even New Zealand, with a population of only 3m, boasts the successful *Cuisine*.

■ Fortunately, there have been a number of restaurant openings; Les Saveurs at 37a Curzon Street, W1 (071-491-8919) offers a three-course lunch menu at £31 and a six-course dinner menu at £39.50. Cooking is French, strongly influenced by the Orient.

And a French "takeover" of a former jewel in the Indian

gastronomic crown has quietly been completed at 34 Charlotte Street, W1 (071-636-1178) where Pied a Terre has replaced Jamdani. Set lunch £17.50, dinner £36.

The Khun Akorn, a Thai restaurant in Old Brompton Road, SW3 has opened a sister restaurant at 121, Earl's Court Road, SW5 (071-373-3018).

Above the Grouse and Claret pub in Little Chester Street, Belgravia, SW3 (071-245-1224) is another Thai restaurant, the Oriental Brasserie, which serves a lunchtime buffet (£14.95) and set price menus from £19.95. Above the Black Bull pub at 358 Fulham Road, SW10 (071-352-0625) Harvey's Cafe serves interesting and well-priced food.

■ Restaurants that offer good value and are in the right location have been able to benefit from the property glut.

Management at The Tall House at 134 Southwark Street, SE1 (071-401-2929) could not believe their luck when the company next door decided to relocate outside London. They have been able to expand sideways, increase the size of the kitchen, give their tables more space and develop their wine bar.

London's most authentic Turkish restaurant, Istanbul Iskembecisi, has moved across the road from 4 to 9 Stoke Newington Road, N16, increasing its size three-fold (071-254-7291). Open all week, noon to 5am.

■ The Square at 32 King Street, SW1 (071-839-8787) opened just as 1992 was being ushered in. Any restaurant which opens with such a broad, easy-to-read and keenly-priced wine list should be worthwhile.

However, the cooking does not yet match the wine list in value. Although it may quickly improve, our meal was marked by a singular lack of generosity. The bill of £75 for two included a half bottle of excellent Sicilian white (Terre de Ginestra 1990 £5.50) and three glasses of champagne. But the main courses came without vegetables, salad or potatoes and there were no *amuses-gueules* or *petits fours*.

■ Wine merchants' special deals abound. The bin ends of Lay & Wheeler, of Colchester, Essex, look more tempting than most and from January 27 even Oddbins, arguably the most successful chain, is discounting 300 wines including lopping £2.50 off five top champagnes and £5 off *Château* Pichon Lalande 1985 to bring it under £20 a bottle.

***Nicholas Lander***

# Better to sit than to squat

***John Brennan** looks at two special aspects of 'the housing problem'*

A WELL-WORN but still potent homeowners' nightmare is a return from holiday to find that squatters have got there first.

Even rumours of such cases provoke generous publicity. There is no news as gripping as a story about families locked out of their own homes, their sympathetic but legally impotent local police looking on.

The other side of this story – an estimated 50,000 homeless people squatting within the law in otherwise disused and part-derelict properties – has no such headline appeal.

In practice, when you try to put the two sides of this story together, the distance between the popular myth and the truth about squatting is far enough to show that they have precious little in common. One side of the story is revealed as a classic middle class terror backed by few real real problems. The other remains a tragic but straightforward consequence of the housing crisis – and its image is not helped by the myth-making.

As far as the myth of widespread home-squatting dramas is concerned, examples of hi-jacking temporarily vacant private homes are rare. The practice was formally made illegal under section seven of the Criminal Law Act 1977: a provision which has hardly ever had to be applied.

So the police are not legally impotent in such situations, and squatters rarely form queues for houses vacated by families on holiday. What helps to give the idea its powerful horror is that it is regularly refuelled by commercial organisations with an interest in making homeowners aware of every extra risk, no matter how remote.

Naturally, even the best-promoted worries need occasional hard evidence to justify them. Real homeowner/squatter clashes are, therefore, meticulously recorded.

One example is Christopher Cox and his family, of Ryde on the Isle of Wight, whose experience is enough to confirm all an owner's worst fears. Cox found squatters in his flat when he returned from holiday. It took him eight weeks, and an outlay of £2,000 in legal costs, to get back into his home – reputedly after he had refused to pay £1,000 demanded by the squatters in return for a promise to leave.

The Cox case gives excellent reason to review what is likely to be limited "household legal expenses" insurance cover. It follows, too, that such a case adds much to an insurance brokers' sales pitch.

But equally, sorting out the ambiguities that can come to light in household insurance cover in the event of a squatting incident justifies a close look at existing home policies. By no means all household policies have a consistent policy on squatting. Squatting problems are such a rarity that insurers rarely include reference to them in a policy's explanatory notes.

The Cox case, along with recent well-publicised instances of squatters taking over and damaging large, unsold and vacant houses, sends shivers down the spines of owners with potential target homes (thereby helping to sell more insurance). What these examples do not do is create proper evidence of any shift of squatting activity which might add to the existing minimal threat to owner-occupiers.

SQUASH – Squatters' Action for Secure Homes (c/o 2 St Paul's Road, London, N1) – has been formed by existing squatting organisations to challenge the UK government's current consultation paper on the criminalisation of squatting.

SQUASH members' arguments boil down to the hard-to-dispute thesis that *homelessness*, not squatting, is "the problem."

A survey of SQUASH member agencies reveals that, far from the notion that gangs of brigands are terrorising the holiday-making classes, the largest group of squatters is made up of single people on low (or no) salaries, needing to stay near actual (or potential) jobs. Such people – low-paid workers living in squatted properties – include public service employees, transport staff, nurses, and catering staff.

Families with children – some of them former owner-occupiers unable to keep up mortgage payments – form the next largest group. Evidence accumulated from calls received by the SQUASH agencies suggests that as many as one third of squatters in London may now fall into this category. The effect has been to raise the age of the adult squatting population.

Of course this kind of sampling means that reviews of squatting activity must be rough and ready. Nevertheless, London squat figures drawn from many directions indicate that over 90 per cent of squatters go no further than into unused public sector property. This does not match the home-owner's terror of a readily mobile army of house-takers or flat-wreckers. (Not that this helps to improve the image of squatting – an almost universally negative one.)

The occasional squatting scare does no harm for one company, which gets paid to put strangers into empty houses. Homesitters Limited (Aylesbury, Buckinghamshire, tel: 0296.630730) has completed 9,000 home-sits over the past 11 years.

The company aimed initially at establishing a regular client base of private owners who were keen to have their houses attended to, and pets fed, while they were away. That remains a core activity. But the business now also includes commercial work for estate agents, dealing with unoccupied re-possessed properties, and for the owners of larger unsold properties, where regular occupation can deter vandals.

The "homesitters" entrusted with these jobs are, for the most part, retired people. Their minimum age is 40, their maximum 68. Within that range there are plenty of active, experienced homeowners who can safely be left in charge of another owner's home.

"All of our homesitters are asked for three references, and all three are taken up," says Adèle Barclay, a director of Homesitters. The vetting is critical for both sides. From the beginning, the company has employed all its registered homesitters directly, rather than on a casual basis. That adds up to 440 sitters (plus partner, usually) available to house-sit for a few weeks, or months.

"It obviously depends on their availability," Adèle Barclay says, "but we would normally say that each homesitter might expect four to six house sits each year, averaging two weeks, so they might expect to be out for eight to 12 weeks each year."

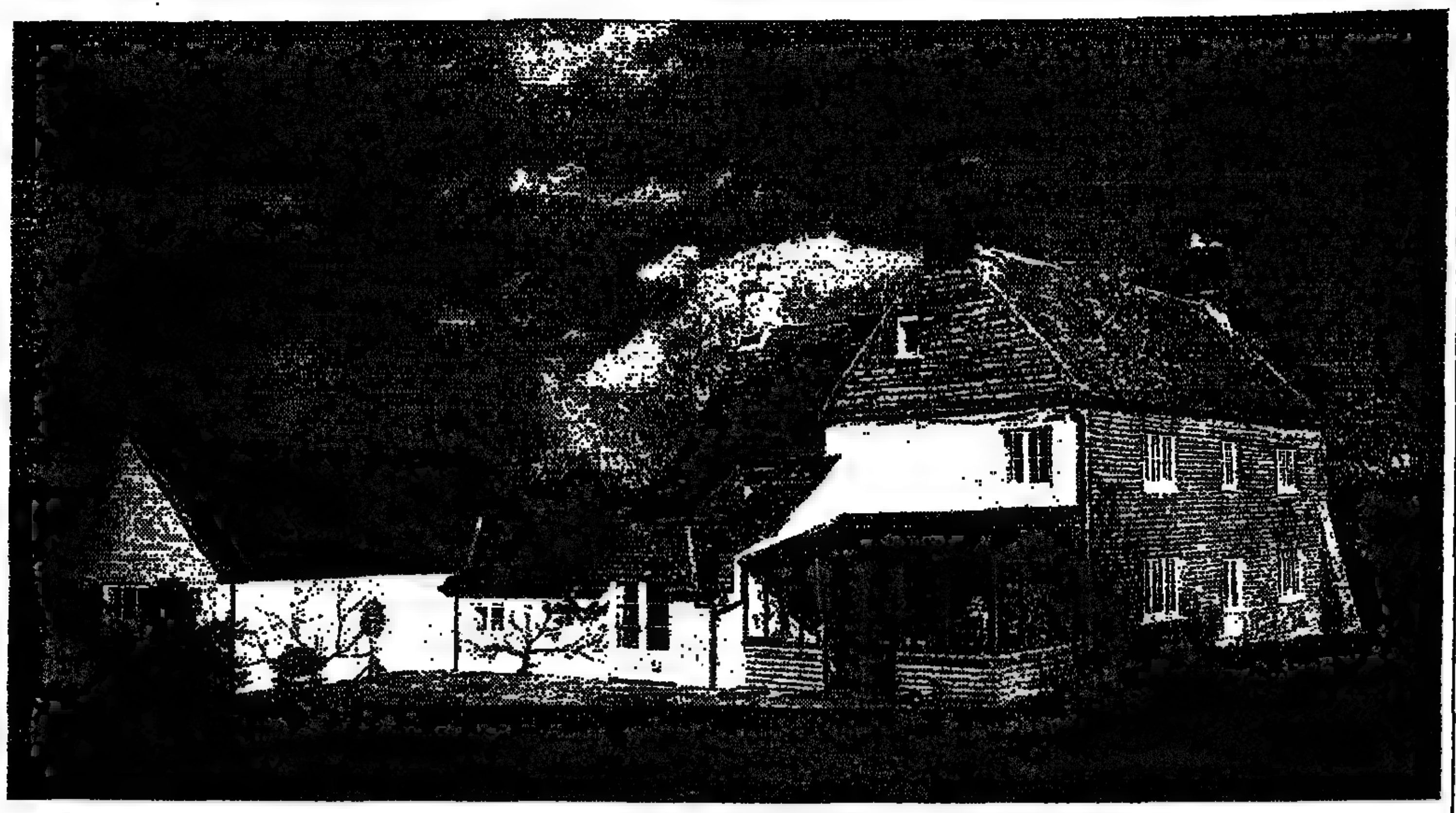
Two weeks is an average homesit, but the company does run to long-term sittings: the longest so far has been a 32-month occupation of a property awaiting probate clearance. (In that case, successive teams of homesitters had to be used, to make up the time.) Other commercial jobs can include "sitting" in – or, rather, by – part-finished or otherwise uninhabitable houses. In those cases the company can offer a sitter with a caravan.

As a standard rule, homesitters must not leave the home in their charge unoccupied for more than three hours in daylight and an hour at dark. But owners can stipulate 24 hour cover if they want. If a sitter cannot complete an assignment, if he or she becomes ill, or has to go home for whatever reason, the company provides immediate cover.

So far as private sittings are concerned, wherever possible homesitters meet the owners first – to see if they get on all right, and to learn any quirks of a house. Much of the company's repeat business is from owners having the same sitters look after their home each year; so it is of value that an owner is comfortable with the choice of sitter. It is also critical that arrangements are made for any pets.

Over the years there has evolved a distinct price scale for looking after pets. "Children's household pets – stick insects, fish, gerbils and such-like – we wouldn't normally make any extra charge for," says Barclay. But cats cost 65 pence a day, and a small dog would be £1.70. Bigger animals are a matter for discussion.

As for the cost of the sitting itself: owners pay an initial one-off registration fee of £25.00, and reimburse homesitters for travelling costs if they visit the premises at the outset. After that, costs are £15.50 a day plus basic food and travel costs for the sitter. If – as is likely – the registered sitter brings his or her partner, there is no extra expense for the owner, either in fees or expenses.



## A Home Counties farmhouse with a good deal going for it

**Kings Farm, above, nestled in the village of Lower Wield, in Hampshire, southern England, has the classic triple combination of rural seclusion, comparatively easy access to London (the property is nine miles from Basingstoke, with a regular 45-minute rail service to the capital) and thorough modernisation behind a facade whose architecture claims a touch of William and Mary, writes John Brennan.**

**The five bedroom, two bathroom house, which is set in 3¾ acres of gardens, includes a hard tennis court, a solar heated swimming pool with sauna, and a 40 ft timber-framed barn as the ultimate playroom.**

**Kings Farm is available through joint agents Lane Fox (0256-474647) and Hill & Morrison (0256-702892) at a price "in excess of" £475,000.**

# Positive vetting

IT IS A few years since one of the 96 chambers at the Albany in London came on to the open market. In offering the "freehold" on one seven-room apartment in the buildings, Richard Crosthwaite of the Mayfair office of Knight Frank & Rutley (071-629-8171) explains that it is an executors' sale. Otherwise, outsiders would be unlikely to hear of it.

"There is a strong tradition of owners making private arrangements, assigning leases, renting apartments; keeping it in the family wherever possible," says Crosthwaite.

Albany, lying behind private courtyards off Piccadilly and Savile Row, has strong claim to be the most exclusive of London's apartment blocks. Historically, the main house on Piccadilly dates from 1774 when it was completed, to Sir William Chambers' designs, for the first Viscount Melbourne. It was not until 1802 that the building was converted into bachelor apartments, and substantially extended at the back on each side of the garden.

Two centuries on, and the Albany's residents' lists groan with the weight of the Great and the Good, ranging wide across the talents. Gladstone and Graham Green, Dame Edith Evans and Aldous Huxley, Sir Thomas Beecham and J.B. Priestley have, at various times, enjoyed the quiet of what Crosthwaite describes as "a very club-like atmosphere."

A freehold asking price of £475,000 for "Set E5", on the second and third floors of one of the rear garden buildings, does not look too demanding given the rarity of the sale. Servants' and storage space on floor three have been converted into a dining room and kitchen, leaving a drawing room, master bedroom and bathroom plus a potential second bedroom or dressing room on the lower floor.

It may take more than money to buy at Albany. As in a New York condominium, residents' trustees have to vet and approve the purchaser. Even then they have to accept rules accumulated since the Regency, including no resident children under 13 and no pets. The current estate charge is £2,994 a year.

The freehold rights of individual apartment owners predate Commonhold by two centuries. The system applied here, of a freehold and a parallel Deed of Covenant committing purchasers to the usual common costs of a multi-occupied block, clearly works with occupier-selection of prospective new residents.

***John Brennan***

GARDENING

# The unpredictable primrose

*Arthur Hellyer finds that there is more to a common flower than meets the eye*

AT ONE time, I thought of primroses and polyanthuses as simple flowers which did predictable things; but that is no longer completely true. These plants have been cross-bred so much, and so many fine hybrids have been produced, that a good many ifs and buts have crept into their cultivation and even their naming.

Basically, the difference between a primrose and a polyanthus is that the first has just one flower per stem and the second a cluster. This could mean a greater number of flowers per plant – although not necessarily since there are some extremely prolific primroses.

Some varieties make a habit of producing both types of flower and seem capable of passing from one to the other style during a season.

One theory is that they do this in response to stress, producing only the multi-flowered stems when things are going well and reverting to the typical primrose flowering when conditions get tough, perhaps because of lack of food or moisture. I find this highly probable.

These days, it is customary to have primroses and polyanthuses on sale in full flower in pots throughout the winter, but very few seed catalogues suggest that home gardeners should grow them for November or December flowering. February is about the earliest date recommended, with March to May the generally-stated flowering period. This certainly is right outdoors but seems a little unambitious under glass.

I used to think that the commercial growers of pot plants gave their polyanthus or primrose plants special chemical treatment to bring them into flower early, but I am assured that this is not so. They are too cheap a plant for such expense, and they are simply grown in successive batches, mostly in polythene houses, with little or no artificial heat until they are wanted for market. At this stage, they are moved to a slightly higher temperature.

I am also told that commercial growers use some varieties for which seed is not available regularly for the home market – not because there is any embargo but because few of the retail seedsmen have thought it worthwhile to market it.

Saga and Eve are two such varieties that are very popular with trade growers, and one way to get hold of them is to buy plants in garden centres or florists' shops and either grow them on or save seed from them. There are hazards in this, though; first, that these super-varieties are not reliable perennials and tend to die after a year or so; second, that they are hybrids which need to be recreated each generation from parents that are not themselves ever distributed. There is, in effect, a built-in copyright on them.

Many of these new primrose and polyanthus varieties are not so winter-hardy as the old ones, mainly because much of the early breeding was done in New Zealand and California, where the climate did not put the seedlings on trial under any stress from cold winters.

So, undesirable characteristics – for Britain's colder climate, at any rate – crept in and have not been eliminated completely, although some efforts have been, and still are being, made to do so. But the new polyanthus Crescendo Mix is said to be completely reliable in British gardens under average conditions, and it certainly does produce high-quality flowers in a fine range of clear colours.

Primrose F1 hybrids in all their glory

Primrose and polyanthus plants also can be affected adversely by heat and the seed actually becomes dormant in temperatures above 21C (70F). This is why many gardeners have difficulty in germinating it, since they sow in heated propagators that can run well above this maximum. The ideal for which to aim is 15-20C (60-68F).

The seed also needs light for germination, so should be sown on the surface of the seed compost and covered with a light sprinkling of sifted compost only when it can be seen to be sprouting. Also, there are chemicals present naturally in the seeds that prevent germination until they have been leached out by water, so the compost must be kept adequately moist.

Seed can be sown from March to May but the later sowing is left, the harder it gets to keep the temperature down. It can also be sown early in autumn so the seedlings can over-winter in a frame or unheated greenhouse before being planted out the following spring.

Primroses and polyanthuses do not like high temperatures or a dry atmosphere; because of this, they do not make very good house plants. They are much more satisfactory in an unheated or very slightly heated conservatory or on a veranda.

Many varieties are completely hardy and can be grown outdoors in beds, borders and rock gardens. But there are exceptions, and it is probable that those bought now in flower will be of this more tender type.

Strictly speaking, all are perennials; but there is a considerable difference in their longevity and there is some correlation between size of flower and the length of time a variety will survive. Very large-flowered polyanthus types are apt to behave as biennials, blooming in the second year and then fading away.

It is, however, always worthwhile to give them a chance to grow on. Vigour can be maintained by splitting up the old plants into several pieces, each with roots attached, and replanting in fairly rich, rather moist soil in a semi-shady place. This should be done early in June. Some at least are likely to make sturdy plants that will flower again the following year.

***Arthur Hellyer***

## Plant of the week

*(Hamamellis Mollis Pallida)*

This is a variety of the Chinese witch hazel, one of the best of a small genus of winter flowering deciduous shrubs. It starts to flower in December and continues for many weeks as it is quite hardy, even the apparently fragile flowers being undamaged by frost.

It differs from ordinary Hamamellis Mollis in having paler yellow, larger flowers which make a better display. Both have a sweet scent which is carried for a considerable distance on a still mild day. Like other species of witch hazel it dislikes lime in the soil but is happy in neutral or moderately acid soils not liable to dry out severely in summer. It makes a big shrub which looks superficially like a hazel and the foliage colours well before it falls in the autumn.

Some thinning of stems can be done in spring but care should be taken to preserve the natural rather widely-branched character of the shrub. .......................... *AH*

# A window on winter's wonders

*From his ivory tower, **Robin Lane Fox** observes a sparkling display of cold-season blooms*

WE ARE in the middle of an *extraordinary flowering which some* of you may not have noticed. This weekend, you have a chance to notice it, pleasurably.

Naturally, it has not escaped my ivory tower: how, indeed, could it? Historians in ivory towers are so wonderfully broad-minded. They rise above petty differences, the world is their horizon, and they look to and fro behind the misty clouds of everyday life.

Or so it should be; but it is not because of these fine ideals that I have noticed what is going on. The reason is that my view of it is very narrow.

Through two small windows of academic proportions, I look out on a cloud of cherry blossom in January. Even a genius would probably not miss it but, through these particular windows, it appears in an unintended light.

They are set in dark, damaged panelling which was stripped by two kind souls last year in return for a modest bribe. After stripping it, they said they ought to preserve it. This sounded sensible but took me by surprise when I found they had painted it with a coat of transparent gloss. As a result, the world outside is reflected in a mirror of dark, stained walls which gleam like burnt toffee just removed from an oven.

Through these two toffee-brown mirrors, I keep up with the news of the world. Empires collapse and so do heads of state at smart dinners. I see it all, along with these clouds of blossom which hang on the air as if some gentle person is breathing into a cold morning. From the front line, I can report that it is a fabulous year for winter-flowering plants and that winter-flowering cherry is having the time of its life.

Perhaps you mistrust the breadth of my narrow view: if so, you can verify it today and tomorrow by a special trip to Hampshire. At Ampfield, near Romsey, the Hillier Arboretum is marking the mild weather with a special weekend for visitors.

The arboretum leaves happy memories in crazy weather. I will never forget a strange day in March 1989 when the garden's gold magnolias beamed happily in the sunshine before an audience of myself and some canny old-age pensioners.

Unless there has been a sudden frost in the small hours, you have a good chance of an experience that will be just as memorable. The garden will be open to visitors from 10.30 until dusk, charging £2 for admission.

Visitors ought to see why the winter-flowering cherry, Prunus subhirtella autumnalis, remains my first choice among flowering trees for the garden, the Glaxo of tree-planters during my adult lifetime. It will fit into front gardens of modest size and it is a wonderful performer from an early age, giving you quantities of buds which can be brought indoors.

This year, the sweet scent of the sarcoccas is all around; the viburnums are fantastic, especially the white bodnamtense and its pink variant, Dawn, which are showing more heads of peppery-sweet flowers than I can remember.

The winter suite is flowering crazily with that wonderful scent on those pale yellow petals which look as if they, too, have been treated with transparent gloss; while in one of its long borders, Hilliers has a Himalayan honeysuckle, Lonicera setifera, which I have never seen before. It also has bewitching witch hazels and some daphnes which need serious study.

In the family of witch hazels, I know what I like: my favourite is the pale lemon-yellow form called pallida, but I suppose that this certainty needs to be checked. Modern breeders have introduced shades of red, orange and copper into the witch hazel's petals and my immediate response is to dislike all of them when I see them on young plants.

They might, perhaps, look prettier at maturity but it takes so long for a witch hazel to develop that I would not take the risk without hard evidence.

This weekend, hard evidence is available in the arboretum where some of these hybrids have now grown into decent little trees and you can decide if you really like a red variety called Diane or a copper-orange one called Jelena. I much prefer the pale yellow, but all of them are scented charmingly on a mild afternoon.

The winter-flowering daphnes will also be worth visiting. Some of them are European natives but there are also some taller, pale-flowered varieties which have a heavenly scent and are at home from India eastwards through Katmandu to China.

Daphne bholua is the most tantalising and in the arboretum you will, *perhaps, see why daphne-fanciers* have been excited. In Britain, the ordinary form was never very hardy or free-flowering.

Instead, we needed to look for a named variety which had been collected by keen botanists or found by sharp-eyed army colonels at a height in the mountains where hardiness is more certain.

One of the best is a pink-flowered form called Gurkha, which was found by an alert major in the field. The arboretum also has Jaqueline Postill, a deep pink daphne which I have always envied but never pleased on a stony lime soil.

The Cotswolds are not exactly Katmandu and witch hazels also dislike my part of the country. Hence, the pleasure of a visit.

Go and see what you cannot grow, enjoying the second-hand gardening which has always been a national pastime. Gardening, too, is a spectator sport and there are certain things which are much too rare to be seen from a narrow window.

BOOKS

# Identity crises of two Resistance lovers

*Anthony Curtis on the life and literature of Elsa and Aragon*

IN THE middle of the Second World War there appeared in Occupied France a slim volume, *Le Crève Coeur*, containing a collection of poems by Louis Aragon, a one-time surrealist who had joined the French Communist Party. The poems had been written on active service, and several reflected the mood of the phoney war in France. A companion volume was called *Les Yeux d'Elsa*; in his dedication the poet greeted the Elsa of the title as *"chaque battement de mon coeur"*. Aragon fought in the first war as well as the second, in which he was awarded the Croix de Guerre for his command of a medical unit in 1940.

The two books were published over here in 1944 under an imprint called La France Libre. In an England starved of contemporary French writing, they enjoyed rapid currency and for the remainder of the war Aragon became a cult-figure among the literati.

Aragon was also a prolific novelist, author of a fiction-cycle *Le Monde réel*. As a prominent member of the PCF he had visited Russia before the war, and edited the party's evening newspaper *Ce Soir*. After the Fall of France Aragon became active in the Resistance under a number of code-names, working especially on the literary front, while continuing to write and publish. Aragon's part in the bloody purges of those who had collaborated with the Nazis, which occurred immediately after the Liberation, remains a matter of controversy. Jean Cocteau said he owed his life to Aragon and Eluard during that horrendous time.

In spite of the passion inspired by his love for Elsa, expressed in limpid lyric poetry that reads well even today, Aragon had a "homoerotic" side to him that has emerged in recent studies. He seems in his surrealist days to have loved André Breton and later Drieu La Rochelle, the collaborator and writer-editor who committed suicide after the war.

Despite a rather messy private life, Aragon always remained devoted to Elsa, whom he married in 1939 after her divorce from her first husband. Aragon continued to write poetry celebrating her long after the war was over, even after her death in 1970. *Le Fou d'Elsa* appeared in 1963 and *Il ne m'est Paris que d'Elsa* in 1975.

But who was Elsa? And who for that matter was Louis Aragon? These questions are fascinating but, as Lachlan Mackinnon's *The Lives of Elsa Triolet* interestingly demonstrates, they are not at all easy to answer. It is not merely that Elsa and Aragon assumed false names and identities for the purpose of wartime undercover activity. It is much deeper than that. The process of self-realisation in the 1920s and 1930s was one of deepening political engagement as the betrayal of appeasement became plain to them. Writing articles and fiction was combined with frequent sexual adventures on both sides. They made some violent shifts of gear and fundamental refashionings of their personalities. Mackinnon tracks these two ferocious leopards to their lairs and from time to time catches them changing their spots.

**THE LIVES OF ELSA TRIOLET**
**by Lachlan Mackinnon**
*Chatto & Windus £18, 216 pages*

Both suffered identity crises in their youth. As a child Aragon had been brought up by three older so-called sisters. He was told one day that the oldest was in fact his unmarried mother and that his godfather and tutor was his father. Elsa was born Ella Alexandrovitch Kagan in 1896 in Moscow, the younger of two daughters of a Lithuanian-born Jewish lawyer and his musical wife. The story of this assimilated progressive Russian Jewish family's life up to the First World War, with its two beautiful nubile daughters attracting the attentions of a group of futurist artists and poets, including Mayakovsky, is a crowded and happy one.

After their father's death the Kagan clan scattered. Ella's first marriage to Triolet, a well-to-do French dandy and Lothario, took her briefly to Tahiti to live. It was after she returned from there that Gorky, who had read some letters she had written about the island, told her she should become a writer.

At that moment Ella Kagan disappears and Elsa Triolet was born, living among Dadaists and Surrealists in a Left Bank hotel in Paris. In her subsequent relations with Aragon, already established in literature, her literary ambitions were at first entirely subordinate to his. She made jewellery to earn some money and wrote a novel *Colliers* which was only published after her death. Like Beckett she decided to write from now on in French and produced a self-revelatory novel *Fraises-des-Bois* (Wild Strawberry was her nickname as a girl).

In 1930 she accompanied Aragon to the Writers' Congress in Kharkov. He was welcomed in the Soviet Union as a celebrity and signed a document repudiating Surrealism and his former colleagues – this was his most shameful moment – while Elsa became thereafter a fellow traveller in more senses than one.

Then her transformation began – first as a wartime icon in his verse, a metaphor of separation; then as a novelist herself who in 1945 was awarded the Prix Goncourt for *Le Cheval Blanc*. Little of her work has appeared in English. Mackinnon finds it, at its autobiographical best, most deserving of our attention. He compares the wartime and post-war fortunes of Elsa and Aragon with those of Sartre and De Beauvoir. Why did the younger couple achieve such wide international fame while Aragon and Elsa dwindled outside France into obscurity?

He has no simple answer but points out that the more famous pair of writers remained in Paris during the Occupation and to an extent difficult now to determine played along with the regime. Aragon and Elsa were living mainly in the south in Nice and Lyon, doing dangerous work, and they had no ready-made Existentialism to market after the war. They were also, it must be said, less gifted. This provocative comparison is one of many such to emerge from a stimulating, sparely written biography of a woman whose extraordinary life may be seen to summarise much contemporary history.

# Cross-currents in the Gulf

*Justin Wintle welcomes an even handed account of the crisis*

IN THE middle of the 1990-1 Gulf Crisis I had the dubious pleasure of listening to an established moral philosopher expatiate on "the eternal righteousness of giving Saddam Hussein a bloodied nose".

Other people were making similar noises, reflecting a general unwillingness to comprehend the realities that govern the Middle East: a series of artificial boundaries created, largely by Britain, with scant regard for either cultural or tribal homogenity, in the wake of the dissolution of the Ottoman Empire at the end of the First World War. Without its vast but unequally distributed oil reserves, and without the further creation of Israel after the second war, carved out of Palestine, the Arab Middle East might by now have set its house in order. As it is the oil has guaranteed continued interference by outside powers.

The spectre that haunts the West is a coalescence of "local" interests that would establish autonomous control of oil flow and oil prices. To this outcome there are two possible avenues: Pan-Arab nationalism, and Islamic solidarity. Both are fraught with difficulties. The first runs counter to the entrenched interests of the seven royal families who between them rule the Gulf, and who have invested their wealth in the West. The second must also cope with religious differences within the Moslem world, notably Shia/Sunni sectarian rivalry.

These cross-currents form both the background and theme of Dilip Hiro's admirable account of the Gulf War, or, as he most properly calls it, the Second Gulf War: *Desert Shield to Desert Storm*. While Hiro by no means attempts to whitewash Saddam Hussein, he does show that, for all his cut-throat megalomania, the Iraqi leader deserves to be considered as much the product as a would-be controller of the forces of his times. Conversely, Hiro also allows the rape of Kuwait to expose the rapacity of western intentions and the hollowness of George Bush's New World Order.

The first Gulf War was fought between Iraq and Iran, where Ayatollah Khomeini's Islamic fundamentalist revolution produced precisely the kind of seismic phenomenon dreaded by the West. In tackling Iran, Saddam was supported by many of those Gulf states, including Kuwait, which later joined the anti-Iraq alliance masterminded by Washington. Indeed, during the period 1984-8, the US itself increasingly supplied Saddam, then perceived by the State Department as a stabilising factor, with arms and economic aid.

The motives for Saddam's seizure of Kuwait in August 1990 were hybrid. The immediate pretext was Kuwait's collusion with the Saudis in depressing oil prices, thus reducing Iraq's revenues. But Saddam also promulgated other reasons, among them the venality of the al Sabah emirate, and its dependence on America, ultimately perceived as part of an "imperialist-Zionist plot" to control the Middle East.

How much of this was conviction, and how much the opportunist rhetoric of a natural bellicosity, is arguable. Where Saddam came unstuck was in his misreading of international affairs. He underestimated the will of the western powers to defend their material interests, and overestimated the will of a crumbling USSR to take a stand against Washington. He also failed to force Israel into the ensuing conflict – an event which would certainly have spoiled the US-led alliance.

**DESERT SHIELD TO DESERT STORM: THE SECOND GULF WAR**
**by Dilip Hiro**
*HarperCollins £25/£9.99, 590 pages*

At the end of the war Bush, media-awkward wimp turned media-slick crusader, exceeded his UN mandate by directing Schwarzkopf to inflict punishment on Iraq's retreating divisions. This included an awful slaughter at Mitla Ridge. And it emerges that he was only dissuaded from destroying Iraq as a political entity by his Arab allies' apprehensions of the benefits that might accrue to Iran in the resultant turmoil. A crippled Saddam was preferable to no Saddam.

*Desert Shield to Desert Storm* tells the story as it should be told, from all sides without prejudice. Hiro writes dispassionately, methodically, painstakingly, accumulatively. He neither trades nor pulls punches, but constantly underlines the specificity of any given viewpoint. For these reasons his book deserves to be regarded as the first good serious study of its subject, though it needs be said that Hiro's interests are primarily political rather than military. While the air-war is handled skilfully and in some detail, the land-war is dealt with perfunctorily. Hiro also fails to address the question of Saddam's non-use of his chemical weapons, although in the light of the 700 American nuclear warheads *in situ* and Washington's determination to avoid any repeat of its Vietnam ignominy, the answer is perhaps clear enough. It was Saddam's restraint, not just Israel's, that averted an absolute holocaust.

# Intoxicated by smoke

DURING late Roman times, Boethius wrote his celebrated *Consolations of Philosophy*; a millennium-and-a-half on, the Scottish historian, V.G. Kiernan, has written a stimulating, amusing account of the consolations of tobacco, that palliative for our more troubled times.

Tobacco was unknown outside the Americas until five centuries ago and it was Sir Walter Raleigh who was said to have popularised its introduction to these shores, smoking stoically as he witnessed the execution of Essex in 1601. The Indians of the Americas regarded smoking as a form of prayer; the mild intoxication that the drug induced brought one to the very threshold of the divine and – pipe-sharing being common amongst them – also served to promote a sense of primitive bondage.

By the 18th century, snuff-taking had temporarily supplanted tobacco in popularity. According to our author, this quaint practice of drawing snuff up into the nasal passages lent itself to niceties of deportment; one contemporary writer even prescribed 14 separate movements of the hand, wrist, arm and nose. As further evidence of its popularity, the author cites Marie Antoinette, whose *corbeille* of wedding presents was said to have contained no fewer than 52 snuff boxes. And perhaps the fact that George III's consort was nicknamed "Snuffy Charlotte" was more than the mere insult that it appears to be.

By the time of the Napoleonic Wars, cigarettes had come into circulation, but they were long viewed with suspicion. One popular writer had a tellingly-simple explanation for the German victories of 1870: the philosophical Germans smoked pipes, the effeminate French their filthy little cigarettes.

It is perhaps fighting men who owe their greatest debt to tobacco. Peter the Great, Frederick the Great, Napoleon; all these heroes smoked furiously as they fought and plotted. As the Sudan gradually fell into the hands of the Mahdi, Gordon, governor-general of Khartoum, stuff of schoolboy legend, "chain-smoked fat cigarettes, rolled by a cavasse, standing behind his chair with one ready to slip between his fingers when he silently held up a hand for it." Like many another man of action, Gordon smoked much and ate little. Of Napoleon, too, it was said by a contemporary: "beaucoup de tabac, beaucoup de café." And during the 1914-18 War the British public subscribed enough money to provide the men at the front with 232,599,191 cigarettes. This fact is almost as remarkable as the survival of this ridiculous statistic.

**TOBACCO: A HISTORY**
**by V.G.Kiernan**
*Hutchinson Radius £18.99, 250 pages*

But many writers, too, have insisted that there is a link between smoking and creative exertions. Bertolt Brecht advocated a "smoking theatre" on the grounds that an audience could be got to think if it were allowed to smoke. Tennyson smoked and drank heavily throughout his long life and believed that his finest poetical moments were experienced when that massive, grey head was wreathed in impenetrable spumes of smoke. Anthony Trollop wrote in his autobiography that "it has been the companionship of smoking that I have loved rather than the habit."

But tobacco has had as many detractors as champions. James I was a fanatical opponent of the habit and prelates down the ages have regarded smoking as a peril to health and morals. It is, of course, the poor who have sought most consolation in tobacco; anything that might help to soothe the ills that their fellow men have heaped upon their heads. Perhaps tobacco barons are acting philanthropically when they off-load cigarettes by the million upon the poor of the Third World.

***Michael Glover***

# Polish interlude at the Holy See

IF ANY single individual can claim to have done most to undermine the Soviet Communist Empire, that person is Karol Wojtyla, better known as Pope John Paul II. Unbelievers may scoff at the notion that the Holy Spirit guided the cardinals to choose the relatively unknown Archbishop of Krakow to be successor to Peter and John Paul I; if not, it was surely an act of devilish political cunning by the princes of the Roman Church to choose a Polish Pope.

His determination to revisit his homeland, his support for Lech Walesa and Solidarity – apart from one tactical retreat in 1983 – helped bring down Jaruzelski and install Walesa as Poland's president. Indeed, David Willey reports that at a 1983 mass at Warsaw football stadium John Paul behaved "more like the King of Poland than the Vicar of Christ and Bishop of Rome." Poland was the key example to the rest of the erstwhile Soviet empire.

In the Soviet Union itself, there were manifold pressures on Mikhail Gorbachev. The pope, with no battalions and only a small minority of followers, used his moral authority and the diplomatic clout of the Holy See to good effect to appeal to the better nature of the Soviet leader in the constant crises of the 1980s.

Through his travels to every continent and to more than 80 countries, John Paul II has made the church more visible than ever before. Through his encyclical letters, notably the 1988 *Sollicitudo Rei Socialis*, dealing with capitalism and communism, he has reminded the world that, though capitalism today seems triumphant, our civilisation still has to demonstrate that it can provide for the poor of the world.

Not everyone applauds. Inside the Catholic Church itself the pope's critics are legion, accusing him of an autocratic style of rule that has destroyed the hopes of collegiality of the Second Vatican Council and has imposed a narrow Slav view of the world on a global church of 900m believers. Willey himself admits his doubts: "My faith in God is intact, but my allegiance to the Roman Church has been suspended while I examine this brief Polish interlude in its long history."

**GOD'S POLITICIAN: JOHN PAUL AT THE VATICAN**
**by David Willey**
*Faber & Faber £14.99, 258 pages*

The author's knowledge of Rome, as the BBC correspondent there, and of the often devious and Machiavellian ways of the Vatican give him a good vantage point. He has supplemented this by observations collected in accompanying the pope on his travels. The book is packed with fascinating facts from the "Trivial Pursuit" type – like when a pope first started to wear white garments – to more substantial points, like the decline in recruitment to the priesthood.

His chapters on the population explosion and on the poor state of the church's finances raise important awkward questions which the pope, sheltered from the grubby real world by his bullet-proof Popemobile, has refused to face squarely and honestly.

But the size and very variety of the Catholic world means that Willey treats many issues, notably the church in the Third World and the church and Islam, skimpily. The book is also spoilt by its poor organisation. It bears the marks of being edited by too many pairs of hands, so that it is heavy-going through the Soviet pages, which should have been its keynote.

All this means that, when the definitive biography of John Paul II is written, Willey's work will be an important reference source; it falls a long way short of being the seminal work on the pope.

***Kevin Rafferty***

# Caught in the critical act

SIGNS OF *the Times* is the title of an essay by Thomas Carlyle which David Lehman has appropriated for his attack on Deconstruction in general and Paul de Man in particular. One of the "Signs of the Times" which worried Carlyle was the rise of what he called "theory" and the decline of "wonder".

For "theory" substitute "Deconstruction" which means, literally, what it says, i.e. the critical act of taking apart or dismantling a text or cultural phenomenon – what we used to call "analysis".

Why then is Deconstruction so admired by some and feared by others? Because the assumptions underlying this kind of analysis are totally different from those of the critics we admired in the past – for example, I.A. Richards, F.R. Leavis, Cleanth Brooks and Lionel Trilling. They believed that a literary text had meaning in relation to life as we know it and that one piece of literature could be more valuable than another. Deconstructionists believe no such thing.

Though it has become so fashionable in the US, Deconstruction is a French phenomenon. Its fundamental iconoclasm goes back to the literary revolution of "Ubu Roi" and "Dada". Existentialism was part of this same general movement, the last manifestation of which was the upheaval of the 1960s when French students manned the barricades and French thinkers drew on the linguistic theories of Saussure and the anthropological studies of Lévi-Strauss to formulate the doctrine of Structuralism.

Roland Barthes and others maintained that the ideas within a particular text or "structure" – sometimes called "pictures" or "signifiers" – had relevance only to other signifiers. Reference to a "meaning" outside the text or to someone laughingly called "the author" was old-fashioned and "humanistic".

Post-structuralism and its latest manifestation "Deconstruction" took these ideas a stage further. For the psychoanalyst Jacques Lacan and the philosopher Jacques Derrida the reading of a text was a purely subjective, rhetorical act. Allowing the "free play" of signifiers implied that the critic could assert that a piece of literature meant anything he liked – a heady prospect indeed.

**SIGNS OF THE TIMES: DECONSTRUCTION AND THE FALL OF MAN**
**by David Lehman**
*Andre Deutsch £19.99, 318 pages*

In Britain, Deconstruction has not yet got the hold it has in America, except for the example of Christopher Norris who, as Frank Kermode pointed out, has never shown the slightest interest in literature unless it could be fitted in to a philosophical or political argument. Kermode should know. He used to hold a special seminar on the new French ideas at University College, London, in the 1960s and when he was Regius Professor ar Cambridge bravely defended McCabe against the Fogies. But he eventually became disenchanted, as his current writings show. Geoffrey Hartman, Deconstruction's most influential proselytiser at Yale, scathingly refers to Kermode as a "public critic", whereas he sees himself as a "learned specialist".

Just so. Hartman, J. Hillis Miller and, until 1983, Paul de Man, have been kings of the castle at Yale, sending shock waves through other universities, and pouring out reams of jargon-filled prose which graduate students in search of jobs struggle to understand.

Imagine the consternation, therefore, when in 1987, four years after de Man's death, a Belgian researcher discovered in the archives of *Le Soir* 180 articles written for the paper when it was under German direction during the Second World War. And who, pray, you may ask, was Paul de Man that he should cause such a furore? De Man was a young Belgian intellectual who emigrated to the US after the war. While a teacher at Bard College he married (bigamously) one of his students. The extraordinary ability shown in his writing got him a place in the Society of Fellows at Harvard and he ended up as Sterling Professor of Humanities at Yale. In his day he was far more influential than Hartman, for he had not only a powerful intellect but also something of the elegance of Derrida.

David Lehman is right to sound the alarm, but it would have been more helpful to play down the caddishness and perfidy of de Man and concentrate on the main issue. The fact is that a number of influential academics in America have propounded theories which are being used by activists to further the cause of "political correctness". But there is worse.

Indifferent to literary values themselves, there are many who maintain that any old piece of rubbish is as valid as great art because a lot of people prefer the rubbish. In the past dedicated teachers tried to open the eyes of those who had little or no awareness of the nobility of literature. They believed, with William Faulkner, that at its best literature helped man endure by reminding him of "the courage and honour and hope and pride and compassion and pity and sacrifice which have been the glory of his past".

Tocqueville warned us not to let democracy debase cultural standards and Julien Benda spoke of *la trahison des clercs*. Neither could have had any idea of the seriousness of the problem we are now facing.

***Geoffrey Moore***

Crime

# Happy reunions

DETECTIVES with wonky or failed marriages are a staple of crime fiction, as are little old ladies confined to their rooms and glued to their windows. In Thief Taker (Macmillan £12.99, 224 pages), second adventure of the unhappily uxorious D.S. Macrae and his happily paired sergeant Leopold Silver, the crafty Alan Scholefield makes good use of both stock elements, turning them into original and sympathetic characters. There is also a Rendell-style nutcase, with an even nuttier mother; and a sad girl who works as the sexy voice on a chatline. Well begun with the previous *Dirty Weekend*, the Macrae-Silver series now seems solidly established.

Simon Brett's loser-actor Charles Paris is almost too solidly established. His perpetual yearning for a double Bells, like his repeated, lacklustre efforts to recapture his wife's affections are beginning to pall, and even faithful fans may wish he would shape up, join AA and remarry. Still, his acting career involves him in some odd and readable complexities. The latest, Corporate Bodies (Gollancz £13.99, 189 pages), finds him playing a minor role in a corporate video but, of course, he is the major contributor to solving the inevitable crime. Brett, and Charles, have a tendency to laugh at their own jokes, but, often enough, the reader will laugh with them.

Kay Mitchell's In Stony Places (Barrie & Jenkins £12.99, 204 pages) is also the second in a new series. A solid if not exciting performance in which the standard ingredients – Chief Inspector forgets his wedding anniversary, teenage daughter is threatened by a serial killer – are conventionally handled, but the actual detection process is slyly-paced and convincing.

Churches, like theatres and boys' schools, are *loci classici* for murders, from Edwin Drood's murky cathedral to Miss Marples' deceptively cheery vicarage. But D.M. Greenwood writes about ecclesiastic life (and death) from the inside; and her second novel, Unholy Ghosts (Headline £13.95, 215 pages), is a knowledgeable account of social and clerical conflict in an affectionately, tellingly described rural Norfolk. The author's special viewpoint, devout but also wryly detached, gives the novel an unusual and welcome tang, which should last through the other volumes that will obviously continue this series.

Ellis Peters, in The House of Green Turf (Macdonald £12.95, 192 pages), writes not about her endearing and happily enduring Brother Cadfael, but about her other protagonist, Inspector Felse. Clearly the author is more at home in the Middle Ages than in the present, and this volume is just about impossible to read to the end. Also, if you decide to write about an opera singer, you should know that Cherubini is not a character in *Figaro* but the composer of *Medea*.

***William Weaver***

# Rumours, rules and 'antique women'

RUMOURS THAT Mark Fisher, the assiduous shadow Arts Minister, might not come into his inheritance if Labour win the Election seem wide of the mark. An attractive scenario is painted of Neil Kinnock grabbing some populist headlines by creating an ennobled Melvyn Bragg as a high profile arts supremo. The alternative theory from insiders was that he might please the women's lobby by catapulting Joyce Quinn, an obscure backbencher, into the portfolio.

But the official line still is that all the shadows will take over their scheduled portfolios – at least for the first six months. Then Fisher might get promotion to the cabinet while Bragg, or perhaps Baroness (Tessa) Blackstone, also thought to be keen on the job, or Quinn (with Glenda Jackson as a possible PPS) is hauled in to pep up a labouring Government.

There is little to choose between the parties' declared programmes for the arts. Labour might force local authorities to allocate a set percentage of their revenues to the arts, and is likely to raise additional money by imposing a tax on blank tapes – audio and video.

But talk of enlarging the arts ministry by giving it responsibility for film and television seems doomed to disappointment in post-Election political horse trading. To a great extent the Government has already carried out much of Labour's policy – notably by slimming down the Arts Council and pushing funding decisions to the regional arts boards.

*

*The Connoisseur*, the respected British art journal which turned itself into an American life style magazine, has closed down. So has *The Art Journal*, a more recent candidate for the collector's eye. There are reports that Herr Flick, owner of *Apollo*, is wearying of his vehicle. The advertising recession has badly hit the financial viability of the plethora of art and antiques magazines.

Against the odds the one success is *Antique*, the latest edition of which appeared this week bursting with advertisments and controversy. *Antique* started life as *Antiques Across the World*, a give-away to dealers from Michael Davis, shippers of antiques. Michael Davis went out of business but the team that ran the magazine persevered, shortened the name, and now publish the only journal in the market making a reasonable profit.

The secret is an odd one – humour, plus the lavish use of big names. Everyone from Harold Wilson to Spike Milligan has written for it, which, in contrast to the oh, so serious, tone of its competitors, has an undergraduate desire to shock.

The current issue is typical. It is devoted to women, and, along with predictable articles on the chauvinism of London auction houses in comparison with New York, contains a virulent attack by the critic Brian Sewell on women artists. He claims that "if all the paintings ever painted by every woman were thrown into the Atlantic the history of art would not be a jot disrupted".

So it was bravery beyond belief which drove Sewell, famous for his dislike of social occasions, to accept an invitation to address the lunch of "antique women" yesterday, the jolly annual occasion when Women in Art and Antiques, an influential but mysterious body of around 100 women working in the art world as PRs, journalists, or dealers, let in the men. However, Sewell was let off the hook since his mother fell ill and he had to cancel at the last moment.

Detail from Leonard McComb's 'Portrait of Alison' at the contemporary art fair Art 92 which opens next week

Until recently it seemed that the Single European Market would come into being next January leaving the art world in the UK to go its old, sweet, lightly regulated, way. Countries like Italy and Greece were hardly prepared to allow the free movement abroad of what's left of their art treasures so the status quo seemed on the cards.

Now dealers and auction houses are less sanguine. Brussels might be holding back on an open market but recent EC proposals in other areas could totally transform the business if they become law. It seems that the French, who destroyed Paris as an arts centre by bureaucratic controls, are jealous of the way London dominates the market and wants to cut back its pre-eminence.

The new initiatives up for discussion include the standardisation of VAT on works of art across Europe; the adoption of the French practice of *droite de suite*, which enables artists, and their descendants, to claim a royalty when a work is sold; the introduction of passports for works of art to combat smuggling; and the return to the country of origin of works of art illegally taken, and acquired, abroad. This could cause Sotheby's and Christie's nightmares in supervision, particularly in sensitive areas like antiquities.

Obviously the single market will in time affect the art world and, in all probability, the liberal British system will not become the EC norm. There will be more controls, more taxes. In a timely move *Country Life* has produced a report on 1992 and the Art Market in Europe which, for the first time, brings together information on continental auction houses and the export law on works of art in the Twelve. It will be a publication much fingered over by worried dealers and auction house directors in the next few months.

*

How fares the art market in '92? There is no reason at all to think that it will be in any better shape than in 1991, at least for the next few months. Despite brave talk of an autumn recovery, most dealers are just about surviving the worst sales patch of their careers.

If there is a revival imminent it might just be apparent by next weekend through the level of activity at two of the most popular specialist fairs. On Wednesday *The World of Drawings and Watercolours* opens at London's Park Lane Hotel, and *Art 92*, the London Contemporary Art Fair, is at the Business Design Centre in Islington from Thursday.

The fairs share popular appeal, in their price range – you can buy something for as little as £50 – and because they both attract committed enthusiasts. The British have always loved watercolours and it remains the preferred home decoration for many traditionally-inclined collectors, whereas contemporary art is exercising an ever stronger pull over the young, inspired perhaps by the high international reputation of some British artists.

From its start six years ago the *Watercolour Fair* touched a nerve. It has attempted, with some success, to limit the space given over to whimsical Victorian watercolours of cottages and children clutching cats in favour of 18th century watercolours – an under-appreciated and under-valued (i.e. cheap) collecting field; contemporary work; and drawings. With 50 dealers, and over 2,000 items on offer, this is the place to cheer yourself up with an affordable picture.

London's largest Old Master dealer, Richard Green, is showing at Park Lane for the first time, with a £200,000 Turner among his offerings, while *Art 92* has lured in the largest 20th century dealer, Leslie Waddington, whose stand is devoted to the work of the hare-mad Barry Flanagan.

There are two distinctive features at *Art 92*, a Starter's Corner, aimed at new collectors, to which most of the 60 dealers taking part have contributed works priced at under £250, and a Touch Tour for blind and partially sighted art lovers.

**Antony Thorncroft**

Vivian Ellis (centre) with Ray C Davis and Frank Thornton, two of the cast of 'Spread a Little Happiness' at the King's Head — Alastair Muir

# They're playing his song

*Michael Arditti talks to the English musical's forgotten man, Vivian Ellis*

VIVIAN Ellis's mother was so determined that her child should be a musician that she played the violin every day during pregnancy. It must have worked, since he later became one of the foremost theatrical composers of his day, the equal of Ivor Novello and Noel Coward. And yet now, the last surviving member of that generation, he is the English musical's forgotten man.

Novello is the mainstay of countless amateur operatic societies and Coward of any company from Weston- super-Mare to the West End, but Ellis remains a name for the record books and the library shelves. All of which should now change as Dan Crawford, producer of the 1983 *Mr Cinders* revival, presents *Spread a Little Happiness*, a compilation of 30 of his classic songs, at the King's Head (reviewed in the FT yesterday by Alastair Macaulay).

Crawford believes such a setting to be the ideal showcase for his work. "After *Mr Cinders* we spoke of doing other shows, but we always bumped into the books." These were of such colossal inadequacy that it is no surprise to learn that, like other composers of the time, Ellis rarely read them but simply provided a number for a specified slot.

But whatever the holes in the plots, the music that filled them lives on. Sandy Wilson, whose *The Boyfriend* was a pastiche of just such 1920s musicals, considers the tribute long overdue: "I'm very glad they're doing it. He's one of the eminent composers of my youth, whose tunes I grew up with. When I was writing *The Boyfriend* I had *Mr Cinders* particularly in mind."

It was *Mr Cinders*, which played for 526 performances in 1929, that made his name. But the road to the West End did not run smooth. – indeed, it first looked to run to the Wigmore Hall rather than the Hippodrome, for his early ambition was to be a concert pianist. But a classical career was thwarted by both temperament and circumstance, although he is convinced that the discipline has been crucial to his success: "The difference between a songwriter and a composer is that a songwriter is responsible for individual songs, but a composer should have the ability to balance an entire score. For that he needs a musical education like mine."

Yet his first work, always excepting such childhood efforts as a lament for the sinking of the Titanic, consisted entirely of incidental songs. He placed one in a 1922 revue entitled *The Curate's Egg*. "Arthur Wimperis, the lyricist, encouraged me, saying money would roll in like a cascade. What actually rolled in for the first year was £5. But from then on I was hooked."

He worked as a song-plugger for a music publishers by day, while hearing his own sung in revue by night. His first chance to compose a complete score came with *Mr Cinders*, even though he at once fell victim to the transatlantic snobbery which has dogged him throughout his career. The producer was anxious to attract a Broadway composer. "American musicals had swept the market. They didn't want anyone English and, except for Andrew Lloyd Webber, they still don't."

But it is this very Englishness which lies at the heart of his music's appeal. Sheridan Morley, the deviser of the present tribute, speaks of its wistful, yearning guality. "He is the master of songs of lost love ... the boy who could never get the girl. She was always too expensive, too foreign, at the cinema or dancing with someone else. We've lost that, now that music is so much more up-front."

*Mr Cinders* brought him friends, fame and fortune, including the supreme accolade: a contract from the legendary C.B. Cochran. The following season he was responsible for the scores for six West End shows – a record Lloyd Webber himself would find hard to beat. Such was his ubiquity that it was wryly reported of a later Cochran revue: "One novelty I discovered is that Vivian Ellis will not compose the music."

He continued to provide songs for individual performers. As Morley puts it: "It is hard to find a great star of the Music Hall and theatre between the 1920s and the '30s for whom he didn't write." For 15 years he was court composer, often against his better judgment, to Jack Hulbert and Cicely Courtneidge. "He was a tyrant. Time and again I'd swear that I'd not do another show; then Cis would take me to lunch at the Ivy and win me over with her charm."

Lavish lunches were fast becoming a fact of life, as he was taken up by high society, under the aegis of the Baroness *Catherine d'Erlanger*. It was in her Piccadilly mansion that he played his hit song *The Wind in the Willows* as a piano duet with the Duke of Kent. "He and the Prince of Wales used to ring up the theatre to find out what time it was being performed so they could pop in and hear it."

With Frances Day, Maisie Gay, Jack Buchanan and Sophie Tucker singing the songs, Rex Whistler and Cecil Beaton designing the sets, and Georges Balanchine, Frederick Ashton and John Cranko choreographing the ballets, he worked with some of the finest talents of his age. Among the many new talents he discovered was his own: "with one exception I found no one I liked to write my lyrics; so I wrote them myself."

The exception was A.P. Herbert, with whom he enjoyed a celebrated ten year partnership at the end of the war. The war, and his six years' naval service, had changed him: "I became a very different composer, one of operettas." He had previously worked with Herbert on such classic revue songs as *Other Peoples' Babies* so he was well-equipped to take on the score of his political satire, *Big Ben*.

Although Gilbert and Sullivan, a partnership with which they have sometimes been compared, had struck gold with the House of Lords, they themselves were less lucky with their House of Commons satire. And yet it paved the way for their later collaborations: *Bless the Bride*, *Tough at the Top* and *The Water Gypsies*, which launched the young Dora Bryan. She remembers it "with much affection. It was the first time my name was ever in lights. It was too old-fashioned for a lot of people, but it was lovely entertainment."

*The Water Gypsies* was his last West End musical; although he has never stopped working. "When people want to know if I'm still writing, I tell them that that's what the Queen asked; which always stumps them." Now, at the age of 87, he is an enthusiastic participant in the current show, unearthing new material, such as *Hengist and Horsa* from a version of *Lady Godiva*, which remained unproduced when the adaptor, Guy Bolton, failed to renew the rights.

He is also actively involved in the Vivian Ellis award, an 80th birthday present which, true to form, he shared with others. Modelled on the Gershwin prize in America, it offers an annual showcase, at the Guildhall School, to five or six young writers of musicals. And it is a measure of the respect in which he is held that practitioners such as Cameron Mackintosh, Tim Rice and Andrew Lloyd Webber regularly agree to judge.

Ellis's advice to any budding composer is simply to listen: learn to listen and listen to learn. Now a new generation has the rare opportunity to listen to a master.

# A violinist to treasure

EVEN FOR seasoned concert-goers this recital climaxed with a moment to treasure. Nobody in the audience at the Queen Elizabeth Hall on Thursday could have predicted the unique surprise with which the evening was to end, though they might have had an informed guess at the quality of the rest, given that Lydia Mordkovitch has a fine reputation as a recitalist.

With the Wigmore Hall closed for renovation, the administrators of London's other concert-halls only now seem to be waking up to the dearth of recitals at the moment. The South Bank is starting a vocal series in the Purcell Room and the QEH will also host a few more solo events. The problem there is that a recitalist has to be able to project not only the sound but also the personality into a far larger hall.

On both counts Lydia Mordkovitch succeeds admirably. Among today's violinists she is one of the bigger players in terms of her tone quality, a heart-warming Russian bear-hug of a sound. There is no danger that quiet playing will sound thin or the loud become strident. A range of warm colours is always ready to embrace the music, almost too much of a good thing in her opening Beethoven sonata, where one sensed the full musical personality biding its time.

With Szymanowski's extravagantly romantic Sonata its time came – a splendid performance. In this piece the composer is ever turning up the heat to more ecstatic heights of lyricism. It is easy to imagine some violinists paling at the thought of being asked to raise their playing one more degree up the thermometer's passion scale, but Mordkovitch manages to do so and suggest that she has capacity to spare. She also brought some authority to the finale, a showy piece of rabble-rousing on Szymanowski's part.

The second half opened with five minutes pause for reflection in Rakhmaninov's *Romance Op.6 No.1* (the very special tone quality the violinist found for this I can only describe as the sound of tears). After which Mordkovitch and her fine accompanist, Marina Gusak-Grin, closed their programme with Saint-Saëns's First Sonata, Op.75.

In the lyrical music Mordkovitch carefully corseted her tone to form a slimmer and more stylish sound, but it is the dexterity of the finale that suits her best. With the semiquavers racing past, clouds of resin started to rise in the air. And then, just as the violinist reached the last bar, the bow flew out of her hand and away over her shoulder, leaving the pianist aghast to play the final chords.

That is just the sort of player Miss Mordkovitch is – generous, giving the music unabashedly her all, which is why her recitals are becoming such a pleasure to attend.

**Richard Fairman**

Radio

# Controller takes the hot seat

A TRUE democrat, Michael Green, Controller of Radio 4, submitted himself on Sunday to half an hour's telephoned comment on his network. The lines had already been open for two hours, so no doubt the comments we heard were only a few of those made. How else account for a mere two criticisms of the morning-timed *Woman's Hour*? One of them complained simply of inability to hear it at its new time, or even at the evening repeat at 7.20 pm to be tried for six months. The other reckoned that the programme had begun to deal with women's general, i.e. feminist, rather than domestic, interests.

The most important complaint made was surely the inability to receive FM signals in some areas. Things would be better during the 1990s, Mr Green promised. Or perhaps we must wait half a decade for DAB, or digital audio broadcasting. Most of the other complaints were matters of taste. Reporters' voices in the news bulletins were too "magazine-y", there were too many old comedy items like quizzes, there was too much nostalgia, there should be more listener-involvement (like phone-ins), there was too much background music in the plays, there were too many repeats, too much obsession with politics.

The Controller kept his end up well enough and promised to take notes of what was raised. Hardly had he ended than a violin began the background music for the repeat of Planché's play *The Garrick Fever*, a delightful comedy about an ambitious young Irishman playing Hamlet in place of the absent star (there was no more music, though).

Then followed the first of a political series, *The Power and the Glory*, in which James Naughtie examines American leadership. Two excellent programmes.

Nostalgia followed almost at once, in a series on the Gulf fighting, *The Desert War*, and in *Concerto*, a reminiscent interview with Moura Lympany; but I doubt if the objection was meant to include all such memories. For serious nostalgia we had to wait for the first programme in *Never the Same Again* on Tuesday (a repeat), and the second programme on Thursday morning. The series deals with "critical periods in family life", and the general sentiment is self-pity. I find this an unattractive sentiment, however accountable, especially when flaunted as a sort of entertainment.

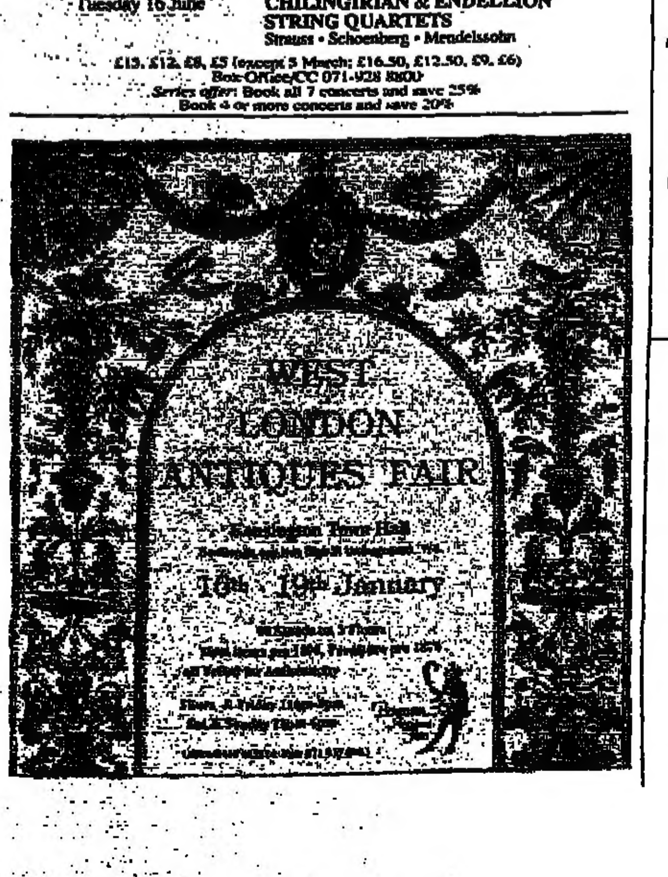
With respect to Mr Green, I find the best drama on Radio 3 as a rule, but this week they repeated two plays about which I have already written fairly lately. On Sunday we had the interesting *Much Ado about Nothing* directed by Clive Brill, with its cultural range of voices – Afro-Caribbean sounds for the Fairies and RADA sounds for the Greeks, well worth its second hearing. On Tuesday came a repeat of Anthony Burgess's *A Meeting in Valladolid*, a fantasy about a meeting between Shakespeare and Cervantes, which has already been broadcast all over Europe in 13 languages, and I would have thought that enough.

By way of total contrast, Radio 4 gave us Chris Galer's *Manikudlak and the Bear* on Thursday, part of the channel's current Northern Lights Festival. Set in Greenland, this was about an Inuit (Meredith Edwards) and his young nephew (Marc Heatley), who go hunting together. Manikudlak hears voices, of the Sea-mother who lives at the bottom of the sea waiting for men to come and comb her hair, and of the days of his youth. The boy is not interested in such old stories and goes home on his own after a bear has been sighted but Manikudlak has jammed his rifle. The bear is in fact a revival of the bear that Manikudlak and his brother had killed years before, and in whose gutted body he had sheltered from an ice-storm. Now the brothers are reunited. The play mixes fact and folk-tale throughout in this pleasant if not always expert way. The director was Jane Dauncey.

There were more Inuits elsewhere in the week, with more to come, dealing with the cultures of the peoples living on the Arctic rim – all pretty new to most of us, I suspect.

**B.A. Young**









ARTS

# Modern artist of the Renaissance

*Patricia Morison reviews the Mantegna exhibition at the Royal Academy*

ANDREA Mantegna was the most famous modern artist of 15th-century Italy. Contemporaries hailed his "Camera degli Sposi" in Mantua Castle as "the most beautiful room in the world". In the "Triumphs of Caesar", Mantegna's passion for antiquity combined so powerfully with his dazzling artistic technique that Rome's victorious legions seemed once again to shake the ground with their tread.

*Andrea Mantegna* at the Royal Academy in London until April 5(sponsored by Olivetti) is a miracle of an exhibition. Through it we rediscover an artist whose work lights a path back to the excitement and the intellectual ambitions of the early Renaissance.

Many people would have said the day had gone when there could be a major exhibition devoted to one of the greatest names of the 15th-century Renaissance. And yet room after room of the Academy – painted a rather surprising damson-purple – is hung with paintings, drawings and prints either by Mantegna or his circle. Separating the former from the latter is part of the exhibition's scholarly *raison d'être*, without which far fewer treasures could have been prised away from their owners.

Admittedly, Mantegna made things easier by his preference, unusual before 1500, for painting on canvas. As he pointed out to a client, paintings on canvas were so convenient to transport; you simply furled them round a rod. In Padua, city of Mantegna's youth, fresco was the natural choice for grand decorative schemes. The precocious artist proved his mastery of fresco in the Ovetari chapel in the church of the Hermit Friars. Destroyed by an Allied bomb in 1944, the chapel was perhaps the most tragic artistic loss of the War. One surviving seraph appears in the exhibition. The way the seraph's white tunic clings to his well-modelled body, as if he had just stepped from a celestial bath, shows the extraordinary importance of Donatello's example for the art of Mantegna.

Mantegna at Padua quickly became the darling of a group of bankers, lawyers, physicians and the bishop. However, he was wooed away by the blandishments of the duke of Mantua, the highly cultivated but, as Mantegna was to discover, not always solvent Ludovico Gonzaga. Mantegna's adopted city was damp, thanks to Lake Garda, which made fresco painting something of a battle – one which, technically but not artistically speaking, Mantegna lost in his "Camera degli Sposi". Canvas proved the solution for large-scale works such as the "Triumphs of Caesar".

Lake Garda itself inspired Mantegna's restrained and poignant "Death of the Virgin" from the Prado, one of a number of paintings on panel which, quite exceptionally, have been loaned to this exhibition. This lovely view, half water and half sky, is so spacious and tranquil that it recalls landscapes by Giovanni Bellini, his brother-in-law. What a contrast there is between the simplicity of this painting and the obsessively detailed world of Mantegna's earlier devotional panel-paintings, the rock-strewn landscapes of the "Adoration of the Shepherds" from the Met and "St Jerome in the Wilderness" from the museum at Sao Paolo.

What a contrast, equally, with the National Gallery's "Agony in the Garden". Perfectly reasonably, this great early painting has stayed in the Gallery where, if any strength remains after this demanding exhibition, you should see both it and the brilliantly-coloured altarpiece of the *Virgin and Child with Saints* on your way home.

At the Academy, we have a fascinating opportunity to compare Giovanni Bellini and Mantegna in their treatment of another deeply affecting theme, Christ's "Descent into Limbo". Mantegna's interpretation (from the Barbara Piasecka Johnson collection) is shown with his drawings and engravings, and with the painting by Bellini from Bristol. Mantegna's is the more dramatic; indeed, in all of Renaissance art I doubt there is a more eloquent back view than that of Christ standing at the gates of Hell, his red robe fluttering in the infernal draught.

I cannot begin to describe the other extraordinary masterpieces now gathered together. From the Louvre comes "Pallas expelling the Vices from the Garden of Virtue", Mantegna in his late years creating the most complex allegories any humanist scholar could devise. Turn from that to contemplate *Mantegna the great religious artist*, above all in the Copenhagen "Man of Sorrows with Two Angels". This important painting is so well-preserved that it allows us to imagine how many less fortunate paintings would once have looked.

If time or strength is limited, however, I would suggest starting at the end with the "Triumphs of Caesar" from Hampton Court. Could any exhibition have a more blazing finale? Eight canvases are displayed, the whole series save for the severely damaged scene of the Gallic captives. The "Triumphs" entered the Royal Collection in 1629 when Charles I bought them from the Gonzagas. Not for five centuries has it been possible to see the series more or less as Mantegna intended, separated only by pilasters as they were in the palace of San Sebastiano.

Over the centuries restorers from Laguerre to Roger Fry have inflicted terrible wounds on this masterpiece. Mantegna's rapturous evocation of the civilised aspects of conquest, of proud cities captured and their statues carted off to grace the conqueror's home, is a wreck of its former self. Even so, the "Triumphs" keeps its incredible beauty of design. From the first musician blasting away on his curved trumpet the procession moves to a rhythm so entrancing it may well hold you spell-bound for an hour.

Not surprisingly, the "Triumphs" will not be travelling with the show to the Metropolitan Museum in New York, where it runs from May 9 to July 12. There will be other gaps, too, but the New Yorkers will have their own compensations, such as the portrait from Berlin of the memorably stoney-faced, brooding Cardinal Ludovico Trevisan.

Mantegna's paintings are not as familiar today as many by contemporaries such as Uccello, Giovanni Bellini or Piero della Francesca. Rather oddly, to my mind, there seems to be a feeling that Mantegna is a difficult artist, characterised by a streak of harshness, something discordant and even repellent. Unfortunately, this was due to contemporary gossip about the man.

Mantegna was a genius who was proud, prickly, and more than a little spoilt. The duke of Mantua himself had to step in to solve his painter's quarrels with his tailor. He could even be downright vicious. There is a well-known story, rather unclear in detail, of how he hired thugs to beat up the artist who made illicit copies of his engravings, and then hounded him from Mantua with allegations of sodomy.

But since when has it been necessary for a great artist also to be a noble character? However, no less a connoisseur than Sir Lawrence Gowing takes a curiously wary approach to Mantegna as an artist in his preface to the catalogue – which is beautifully written throughout and quite indispensable. For Gowing, Mantegna is a difficult artist whom he describes as ferocious, stony-hearted. "There was no pity in Mantegna", he writes, and nothing "heroic or idyllic in (his) evocation of the ancient world".

Well, this was not previously my view of Mantegna and is still less so, thanks to this memorable exhibition. Time and again it is the gracefulness of his figures which astounds, something especially well seen in his preparatory drawings. For all the variety of poses and human types which Mantegna delighted to paint, he never caricatures them. Roman soldiers in their fantastic armour appear as personifications of ideal male types; and yet in his later works – for example in the fascinating grisaille, "The Introduction of the Cult of Cybele to Rome" – we marvel that he could depict men who are bald and ageing, the stuffed shirts of the Senate, and yet give them dignity and even beauty.

Mantegna stands out for his extraordinary gift for individualising characters. We can still see it in the "Triumphs" and with wonderful skill in even the most rapid sketches, for example in his Saints Andrew and Longinus. His painting of St George from the Accademia in Venice shows this passion for the living, breathing, and above all thinking man, particularly well. Here is no vacuous Christian pin-up. Instead we see a thoughtful youth reminiscent of Donatello's St George, both warriors for whom conquering a dragon seems to be only one step in a spiritual journey.

As Paul Kristeller noted in his magnificent book on the artist published in 1901, "even those of his characters who seem peaceful and happy, betray a touch of sad melancholy, as though they felt the weight of a supernatural power hanging over them." But like so many truly great artists, no one characterisation will quite fit. Look at Mantegna's exquisitely tender engraving of the Virgin and Child, and there is no wistfulness. Instead here is the magical intimacy of a mother who is, after all, only a simple peasant who bends in a transport of tenderness over her baby. Mantegna is an artist who takes a lifetime to discover in all his variety. This exhibition will put its visitors several decades further along that path.

'St George', c.1470-75, by Andrea Mantegna

# Two girls go soul searching

THE TOUR to which this devised double bill at the Gate Theatre, Notting Hill acts as guide is of female relationships. In the first piece, *Slight Possession*, which won the Guardian International Student Drama Award, the relationship that is explored is a passionate one. The journey is from infatuation through rejection to a reconciliation that styles itself a happy ending against the evidence of the two personalities involved.

They torment and torture each other, then kiss and make up, spouting romantic clichés while subverting them through behaviour which is choreographed into metronomic repetitions. Their neuroses converge on a step-ladder, which is clacked open and shut, mounted, leapt from and cowered behind.

In the second piece, *The Detour*, the trip is more abstract. Two women are walking along a road. As they go, they accumulate the baggage of a lifetime – an unwanted gift, a chair, a corpse, an infernal blue boa which becomes an icon of a certain sort of female sexuality.

What precisely is their destination? A washing line at the front of the stage on which they peg out their luggage as they peer over our heads to a distant horizon. They have arrived. Yes, but where? By this stage I'm afraid I neither knew nor cared.

Talking Tongues have found themselves a lively performance style, but they have as yet to develop the common touch that can woo an ordinary audience. A sense of humour helps, and *narrative is important*, even if one chooses to ignore its more obvious manifestations.

In *Slight Possession*, Kim Walter and Rachel Weisz at least create the continuity of two characters in a given situation. In the episodic *Detour*, they abandon themselves to their imaginations in a way that is at once self-indulgently studenty and prohibitively difficult to follow. David Farr directs.

**Claire Armitstead**

Alastair Muir

'Guided Tours' at the Gate Theatre: Rachel Weisz



Records

# Modern operas built to last

ZIMMERMANN'S *only* opera has become something of a virility symbol among opera Intendants eager to display their credentials. Of all the significant operas written in the last 30 years *Die Soldaten* makes the most extravagant demands, with its multiple *stage levels and three film* screens, as well as cruelly taxing vocal parts – the role of Marie outstrips that of Lulu in its high-lying lines, while there are no less than six high tenors of various kinds specified in the score. So finding the resources and the rehearsal time necessary to mount *Die Soldaten has become required* proof of a genuine commitment to contemporary opera. In the autumn Andrew Porter reported here enthusiastically on the New York premiere at the City Opera, while both Opera North and the Royal Opera have pencilled productions into their schedules in *recent years, only* to abandon them when economic stringency was enforced. The only British performances remain those brought to the Edinburgh Festival by the Cassel Opera in 1972.

Perhaps when it was first performed in 1965 *Die Soldaten* did appear to be a modern masterpiece, the *long-awaited* reconciliation between the post-war avant-garde and traditional opera, directly descended from *Wozzeck* and *Lulu*. A quarter of a century later it seems much less convincing, and distasteful. However humane Zimmermann's intentions in setting Lenz's *brutal* drama *his* treatment comes over as sensationalist and exploitative: the concern for society's victims, so affecting in Berg's operas on similar themes, seems merely schematic. Musically, too, the opera appears dated; though dramatically the pace is sure and tight enough, the language is self-consciously modish, the clichés of total serialism laced generously with quotation and pastiche.

Such shortcomings may come over more strongly in a recording than they would in *the theatre, where* the sheer scope of Zimmermann's scheme doubtless carries a great deal before it. The new studio recording from Stuttgart (based upon a production there in 1988) is a superb one. Bernhard Kontarsky has been associated with *Die Soldaten* since its premiere and obtains a *degree of accuracy and control* from his players and singers that is often astonishing, while the insurmountable problems of containing all the musical effects and multi-layerings within a mere two-channel mix have been taken on more rigorously than could have dared hope. The cast is led by Nancy Shade's impressive Marie and Zoltan Kelemen's eloquent Wesener; every part though, is strongly cast, and many of the roles are more lovingly detailed than Zimmermann's cardboard characterisations deserve.

*Le Grand Macabre* belongs with *Soldaten* (and Reimann's *Lear*) in the select band of recent operas that promise to lodge themselves firmly in the European repertory. The Wergo recording appeared first on LP, and the transfer on CD is very welcome. It is a fine performance with a multilingual cast singing in German, which originated at Austrian Radio and is conducted by Elgar Howarth, who was in charge of both the first performance, in Stockholm in 1978, and the British *premiere* four years later.

No one would make great claims for the dramaturgy of *Grand Macabre*. Ligeti's version of the Ghelderode play is a simple fable that targets the weaknesses of the human appetite for power, wealth and particularly sex. It is a frieze of *absurdist* jokes, *musical and* verbal, which orbits constantly about the biggest absurdity of all, death, and which along the way affectionately parodies and pays homage to much of the Western operatic tradition. One experiences enchantment rather than deep emotion in *Grand Macabre*, there is *delight in its musical dexterity*, its fond vocal writing and extravagant conceits, and marvellously unbuttoned humour. There is nothing else remotely like it, and it was to be both a summation of Ligeti's achievement and a leavetaking: the pieces that emerged in the wake of *Grand Macabre* were to be utterly different.

In two significant respects at least both *Soldaten* and *Grand Macabre* are entirely traditional: they both take as given the frame of the opera-house stage (even if Zimmermann stretches it a good deal) and the imperative of a linear narrative. Wolfgang Rihm's *Hamletmaschine*, based upon Heiner Müller's theatre piece is far more radical in its basic conception – less perfectly realised, and sometimes badly miscalculated, but often thrilling, fresh and full of striking ideas. Rihm cites Schoenberg's *Erwartung* and *Glückliche Hand* as the jumping-off point for his "music theatre in five movements", but he throws Antonin Artaud into the mix too, to yield a result that defies accurate description and straddles any number of formal boundaries.

The text is a sequence of discursions around the Hamlet story; Rihm says it is not his business to explain Müller, but that "the drama is presented through the constantly shifting layers of projection in the music". Like the words, the music coheres through an obscure network of pathways; one senses their wholeness long before beginning to tease out all the connections and meanings. The recording, made at the premiere in Mannheim in 1987, has its roughnesses but the power and originality of Rihm's writing are never obscured. It makes for a fascinating preface to his new opera *Die Eroberung von Mexiko*, scheduled for Hamburg in three weeks' time.

**Andrew Clements**

Zimmermann: *Die Soldaten*. Munkittrick, Shade, Vargas, Ebbecke, Cochran, Hirte, *Wolansky, Koszut, Stuttgart* Staatstheater Chorus and Orchestra/Kontarsky. Teldec 9031-72775-2 (two CDs)

Ligeti: *Le Grand Macabre*. Weller, Walmsley-Clark, Fredricks, Haage, Puhlmann-Richter, Smith, Krekov, Davies, Arnold Schoenberg Choir, ORF Chorus and Orchestra/Howarth. Wergo 286 170-2 (two CDs)

Rihm: *Die Hamletmaschine*. Müller-Graf, Kowalski, Kösters, Schnaut, Mannheim Nationaltheater Chorus and Orchestra/Schneider. Wergo 286 195-2 (two CDs)

Chess No 906:
1 Bh3 Threat 2 Qg4 and 3 Qc8. a5 To meet 2 Qg4 by a6 3 Qc8+ Ka7. 2 Qa6+! Kxa6 3 Bc8 mate.

# TELEVISION

## SATURDAY

### BBC1

7.25 News. 7.30 Crystal Tipps and Alistair. 7.35 Wiz Bang. 7.45 The Jetsons. 8.05 Eggs 'n' Baker. 8.35 Thundercats. 9.00 Going Live!

**12.12 Weather.**
**12.15 Grandstand** introduced by Steve Rider. 12.20 Rugby Union: Previewing this afternoon's matches between Scotland and England at Murrayfield, and Ireland and Wales from Lansdowne Road. 12.25 Racing from Haydock Park: including at 12.30 The Jim Ennis Construction Premier Hurdle. 12.40 Rugby Union: Preview continued. 12.55 Racing: including at 1.00 The FK Roofing Champion Hurdle Trial. 1.10 News. 1.15 Cricket: New Zealand v England. Brief highlights from the first day's play in the First Test. 1.20 Rugby Union: Returning to Murrayfield. 1.30 Racing: including at 1.35 The Peter Marsh Handicap Chase. 1.45 Rugby Union: The Five-Nations Rugby Union Championship. Live coverage of Scotland v England from Murrayfield, and the second half of Ireland v Wales from Lansdowne Road. 4.35 Final Score. Times may vary.
**5.05 News.**
**5.15 Regional News and Sport.**
**5.20 One to Win.**
**5.50 Noel's House Party.**
**6.40 Big Break.** Celebrity players are Dennis Taylor, Tony Drago and Mike Hallett.
**7.10 The Paul Daniels Magic Show.** Paul attempts to escape from a solid airtight box. Special guests are Canadian acrobat Jean Nedel and award-winning Spanish magician Juan Mayoral.
**7.55 Moon and Son.** Did Joe Thorpe's past life as a drug addict catch up with him in Normandy? Gladys employs a psychic approach to the mystery. Starring Millicent Martin and John Michie.
**8.50 News and Sport; Weather.**
**9.10 That's Life!**
**9.50 Midnight Caller.** When Billy Po is the victim of an attack in an Italian neighbourhood, Killian decides to breach the issue of racial intolerance on his show. Starring Gary Cole.
**10.40 Film: The Medusa Touch.** A novelist is haunted by the belief that he can cause disaster. While in a coma, his psychic powers grow out of control. Horror thriller, starring Richard Burton and Lee Remick (1978).
**12.25 Weather.**
**12.30 Close.**

### BBC2

11.05 I'd Like to Teach the World to Sing. 11.45 Just Another Day. 12.15 pm Film: Split Second.

**1.45 Heirs and Graces.** Lady Victoria Leatham visits Longleat House.
**2.15 Network East.**
**2.45 Mahabharat.** (English subtitles).
**3.25 The Sky at Night.** Patrick Moore visits the site of the Keck reflector, the most powerful telescope in the world.
**3.45 Film: Annie's Coming Out.** A physically handicapped child, wrongly diagnosed as retarded, is brought out of her shell by a devoted teacher. Starring Angela Punch-McGregor and Drew Forsythe (1984).
**5.15 Cricket: First Test.** Highlights of New Zealand v England from Christchurch. After a thrilling summer's cricket against the West Indies and Sri Lanka, can Graham Gooch's men gain more success?
**5.45 Crufts 92.** A week after the Supreme Champion was named, Angela Rippon, Peter Purves and Mike Stockman reflect on the most prestigious event in the dog world.
**6.30 Late Music.**
**7.15 News and Sport; Weather.**
**7.30 Tortelier Masterclass.** French cellist Paul Tortelier guides Lesley Shrigley-Jones and Sumiko Kurata through Rachmaninov's Sonata in G minor.
**8.15 The Washington Version.** US Secretary of State James Baker and his assistants describe the meeting with Iraq's Foreign Minister Tariq Aziz, the Soviet peace plan that delayed the start of the ground war, and their problems over when to end the war.
**9.05 Moving Pictures.** Looking at Oliver Stone's controversial new film about the assassination of John F Kennedy, which has caused an uproar in the US.
**9.55 Film: Brazil.** Shy clerk Sam Lowry descends into paranoia and madness as an oppressive government takes control of his life. Black comedy inspired by Orwell's 1984, starring Jonathan Pryce and Robert De Niro (1985).
**12.10 Film: Beginning of an Unknown Era.** Two-part Russian film, comprising Angel, and The Homeland of Electricity, the graduation works of directors Andrei Smirnov and Larissa Shepitto. (1967).(English subtitles).
**1.30 Close.**

### LWT

8.00 TV-am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm The Munsters Today.

**1.00 ITN News; Weather.**
**1.05 LWT News; Weather.**
**1.10 Saint and Greavsie.** Ian and Jimmy's reactions to yesterday's draw for the finals of the European Championship, which set out the schedule for both England and Scotland in Sweden this summer.
**1.55 The Day.**
**2.00 Ski Tips.**
**2.30 Cobblestones, Cottages and Castles.** God's Not So Little Acre.
**3.00 Film: Along Came a Spider.** Suzanne Pleshette stars as the widow of a research scientist, out to avenge her husband's death (TVM 1969).
**4.45 Results Service.**
**5.00 ITN News; Weather.**
**5.05 LWT News; Weather.**
**5.15 10 Sharp!** Pat Sharp's guest is actor Leslie Nielsen, star of Naked Gun and Airplane. Plus, a competition to win tickets to see Phillip Schofield in Joseph and His Amazing Technicolor Dreamcoat, as well as an update on the preparation for the opening of Euro Disney.
**5.25 Baywatch.**
**6.15 Blind Date.**
**7.15 Barrymore.**
**8.00 Inspector Morse.** While investigating the death of artist Harry Field, Morse and Lewis make some unnerving discoveries. John Thaw, Kevin Whately and Geraldine James star.
**10.00 ITN News; Weather.**
**10.15 LWT Weather.**
**10.20 Aspel and Company.** Michael Aspel returns with another series of the popular talk show. Among the guests are Catherine Zeta Jones, who plays Mariette in The Darling Buds of May, Jimmy Nail, star of Spender, and outrageous US rock singer, Alice Cooper.
**11.05 Boxing: Commonwealth Featherweight Title Fight.** Colin McMillan from Great Britain takes on Ghana's Olbilty Commey at the Royal Albert Hall.
**11.50 Tour of Duty.**
**12.50 Get Stuffed; ITN News Headlines.**
**12.55 WCW Pro Wrestling.**
**1.45 Get Stuffed.**
**1.50 New Music; ITN News Headlines.**
**2.55 Bhangra Beat.**
**3.20 American College Football 1991.**
**4.20 The Hit Man and Her.**

### CHANNEL4

6.00 Early Morning. 9.30 Pictures in the Mind. 10.30 Wagon Train. 11.30 Film: When Willie Comes Marching Home starring Dan Dailey with Corinne Calvert and William Demarest.

**1.00 Billiards.** Animation film from Czechoslovakia.
**1.10 Racing from Kempton Park.** Introduced by Brough Scott. Including the 1.20 Bic Razor Novices' Chase, 1.50 Bic Lady Shaver Handicap Hurdle, 2.20 Bic Razor Lanzarote Handicap Hurdle and the 2.50 Fulwell Handicap Chase.
**3.15 Film: Young Mr Lincoln.** Young country lawyer Abraham Lincoln stops a lynching and proves a young man innocent of murder. Starring Henry Fonda and Alice Brady (1939).
**5.05 Brookside.**
**6.30 Right to Reply.** Viewer Patricia White reports on the BBC programme Kilroy, and asks whether it offers informative debate or incites rows. She talks to former guests on the programme and to presenter Robert Kilroy-Silk.
**7.00 A Week in Politics.** Including interview with Dr John Cunningham MP, Labour's Campaign Co-ordinator, explaining how his party plans to win this year's general election.
**8.00 Country Comes Home.** Hosted by Daniel O'Donnel, who is joined by Charley Pride and The Judds.
**9.00 Dirk Bogarde: By Myself.** Part two of two. The British actor talks extensively about the British cinema and his work with some of its great unsung directorial talents, such as Basil Dearden and Charles Crichton.
**10.00 Film: Victim.** Dirk Bogarde plays a lawyer who risks his reputation by trying to confront a gang of blackmailers who murdered his onetime lover. Also starring Sylvia Sims and Dennis Price (1961).
**11.55 One Night Stand.** American Judy Tenuta with her one-woman show at the Philmore Theatre, San Francisco.
**12.25 Film: La Cage Aux Folles.** A St Tropez nightclub owner and his female-impersonator housemate become involved in a spy ring. Camp farce, starring Michael Serrault and Ugo Tognazzi (1980).(English subtitles).
**2.15 The Word.** Repeat of Friday's edition with Terry Christian, plus guest presenter Bruiser de Cadenet (Amanda's brother).
**3.10 Close.**

### REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

**ANGLIA:**
12.30 Ski Tips. 1.05 Anglia News. 1.55 Dinosaurs. 2.25 The Spectacular World of Guinness Records. 2.50 Cartoon Time. 3.05 Carry on Cleo. (1965) 5.05 Anglia News and Sport 5.15 Cartoon Time. 10.15 Anglia Weather. 11.50 Kojak.

**BORDER:**
12.30 The Munsters Today. 1.05 Border News. 1.55 My Secret Identity. 2.25 Out of Limits. 2.40 Rugby League – Live. 5.05 Border News and Weather 5.15 Cartoon Time. 11.50 Quadrophenia.

**CENTRAL:**
1.05 Central News 1.55 Great Planes. 2.55 Jacqueline starring Richard O'Sullivan. (1956) 4.40 Cartoon Time. 5.10 Central News 5.15 Central Sports Special – Goals Extra. 10.15 Local Weather. 11.50 Honkeytonk Man starring Clint Eastwood (1982).

**CHANNEL:**
12.30 Superman. 1.05 Diary Dates. 1.55 Motorsport Special. 2.25 McCloud (1971) 3.55 The A-Team. 5.05 Channel News. 5.15 Cartoon.

**GRAMPIAN:**
12.30 Ski Tips. 1.05 Grampian Headlines 1.55 Abair. 2.15 Crann Tara. 2.45 Wrestling. 3.45 The Highland Cross 1991. 4.45 Scotsport Results. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Cuirm Cloinne. 10.15 Grampian Weather. 11.50 Quadrophenia.

**GRANADA:**
12.30 Superman. 1.05 Granada News 1.55 The Spectacular World of Guinness Records. 2.20 Rocksport. 2.40 Rugby League – Live. 5.05 Granada News 5.10 Granada Goals Extra. 11.50 Quadrophenia.

**HTV:**
12.30 Superman. 1.05 HTV News 1.55 Soccer in the Seventies. 2.25 Ski Tips. 2.55 Caprice. (1967) 5.05 HTV West News and Sport.

**SCOTTISH:**
12.30 Hoober Bloob Highway. 1.05 Scotland Today. 1.55 The Life and Times of Grizzly Adams. 2.50 Will Penny. (1967) 4.45 Scotsport Results. 5.05 Scotland Today 5.15 Cartoon Time. 10.15 Scottish Weather. 11.50 The ITV Chart Show.

**TSW:**
12.30 The South West Week. 1.05 TSW News. 1.55 Peppino. 2.25 The Spectacular World of Guinness Records. 3.00 Anna – Ballerina. 5.05 TSW News. 5.15 Gus Honeybun's Cartoon Time. 10.15 TSW Weather. 11.50 Quadrophenia.

**TYNE TEES:**
1.05 Regional News. 1.55 The Spectacular World of Guinness Records. 2.25 Out of Limits. 2.40 Rugby League – Live: Salford v Leeds. 5.05 Northern Life Sport Special. 5.15 Cartoon Time. 11.50 Quadrophenia.

**ULSTER:**
12.30 Blockbusters. 1.05 Ulster Newstime 1.55 Superstars of Wrestling. 2.50 The Secret Garden. (TVM 1987) 5.10 Ulster News and Sport 5.15 Cartoon Time. 10.15 Ulster Newstime 11.50 Quadrophenia.

**YORKSHIRE:**
12.30 Katts and Dog. 1.05 Calendar News. 1.55 The A-Team. 2.45 Cartoon Time. 3.05 Carry on Cleo. (1965) 5.05 Calendar News. 5.15 Cartoon Time. 10.15 Local Weather. 11.50 Dracula starring Peter Cushing and Christopher Lee (1958).

## SUNDAY

### BBC1

7.15 Film: Texas Lady. 8.40 The Four Great Seasons. 9.10 News. 9.15 Getting Through. 9.30 This is the Day. 10.00 See Hear! 10.30 Deutsch Direkt. 10.55 Advice Shop Extra! 11.00 Into Print. 11.30 Skillshop.

**12.00 Bazaar.**
**12.25 Experiment!**
**12.30 Country File.**
**12.55 Weather for Farmers.**
**1.00 News; On the Record.** With the government's recent mortgage rescue scheme failing to get off the ground, what prospect of hope can it offer homeowners? In the first programme of the year, Jonathan Dimbleby talks to environment minister Michael Heseltine MP.
**2.00 EastEnders.**
**3.00 Film: The Moving Target.** Starring Paul Newman, Lauren Bacall and Shelley Winters (1966).
**4.55 Cartoon.**
**5.05 The Clothes Show.** Vegetarians achieve the leather look without killing animals and Hairdresser of the Year Trevor Sorbie takes a short cut to Northern Ireland.
**5.30 Antiques Roadshow.** A 19th century cabinet rescued from a sinking barge and a valuable spice cupboard are two intriguing items unearthed when the roadshow visits Farnham in Surrey.
**6.15 Play it Safe.** Anneka Rice looks at the kitchen from a child's perspective to find the dangers of scalding.
**6.25 News.**
**6.40 Songs of Praise.** Alan Titchmarsh crosses the sea to the Netherlands and visits Haarlem.
**7.15 'Allo, 'Allo!**
**7.45 Lovejoy.**
**8.40 As Time Goes By.**
**9.10 A Time to Dance.** Adaptation of Melvyn Bragg's novel, starring Ronald Pickup.
**10.05 News and Weather.**
**10.20 Everyman.** In the USA, certain measures are being taken to prevent mothers-to-be harming their babies through drugs and alcohol; Everyman asks how far we should go to protect the health of unborn children.
**11.00 The Nobel Century.** In the post-war period, the Nobel Prize became a statement rejected by many of its recipients; Sartre, Feynman and Pasternak, being three such people. The Nobel Century investigates.
**11.55 Mahabharat.** (English subtitles).
**12.35 Weather.**
**12.40 Close.**

### BBC2

7.25 But First This On Two; Hello Spencer. 7.45 Playdays. 8.05 Two by Two. 8.20 Babar. 8.45 Telling Tales. 9.00 The Legend of Prince Valiant. 9.25 Blue Peter Omnibus. 10.15 Defenders of the Earth. 10.40 Strangers. 11.10 Boxpops. 11.50 The O-Zone. 12.00 Around Westminster. 12.30 pm Cricket: First Test.

**1.00 Film: Lassie's Great Adventure** with John Provost, Richard Kiel and the eponymous dog (1963).
**2.30 Crufts 1992.** Highlights of the obedience, agility and flyball events.
**3.00 Opera Season: A Village Romeo and Juliet.** Delius's lyric drama, based on Gottfried Keller's novella. The children of two neighbouring farmers fall in love, but their love is thwarted by family feuds. Helen Field stars.
**5.00 Rugby Special.** Scotland v England and Ireland v Wales. Introduced by Chris Rea.
**6.00 Ski Sunday.** Competitors attempt to negotiate the fearsome downhill run known as The Streiff.
**6.35 The Money Programme.** Professor Jeffrey Sachs, chief foreign adviser on economics to Boris Yeltsin's government, is joined by an international panel of experts to debate the urgent need for the west to support Yeltsin's reforms with hard cash.
**7.15 Prisoners of the Sun.** New series. First of a three-part exploration of the raw forces that control life on Earth. Robert Lindsay narrates.
**8.05 Signs of the Times.**
**8.55 Trying Times.**
**9.25 Did You See?** Jeremy Paxman is joined by the former editor of the Daily Telegraph, Lord Deedes, actress Jill Gascoigne and comic writer and performer Angus Deayton to review Churchill, Goodbye Cruel World and Barrymore.
**10.05 Screen Two: The Grass Arena.** True story based on an autobiography by John Healy. Brutalised at home and at school, John Healy (Mark Rylance) throws away a promising boxing career and enters a savage community of vagrant alcoholics.
**11.35 Film: The Dresser.** The relationship between an ageing Shakespearean actor and his offstage assistant. Starring Albert Finney and Tom Courtenay (1983).
**1.30 Def II: Rapido.**
**2.05 Close.**

### LWT

8.00 TV-am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

**1.00 ITN News; Weather.**
**1.10 1991 World Triathlon Championships.** From Surfer's Paradise, Gold Coast, Australia. Featuring leading athletes from the world's strongest nations.
**2.10 Sharp's Funday!**
**2.50 Dinosaurs.**
**3.20 The Match.** Everton v Nottingham Forest from Goodison Park, Liverpool. With commentary by Alan Parry.
**5.30 Bullseye.**
**6.00 Animal Country.** Desmond Morris and Sarah Kennedy visit the Peterborough Dog Show.
**6.30 ITN News; Weather.**
**6.35 LWT News; Weather.**
**6.40 Appeal.** On behalf of St Elizabeth's, a national centre for sufferers of epilepsy.
**6.45 Highway.** Sir Harry Secombe travels to the Isle of Wight and visits a church group in Cowes committed to helping the homeless.
**7.15 You've Been Framed!**
**7.45 Agatha Christie's Poirot: One, Two, Buckle My Shoe.** The Belgian sleuth hates going to the dentist. But Mr Morley's appointment book holds the key to a series of deaths. Starring David Suchet and Philip Jackson. Last in series.
**9.45 It'll Be Alright Late at Night.**
**10.30 ITN News; Weather.**
**10.45 LWT Weather.**
**10.50 The South Bank Show.** Hakan Hardenberger was given a second-hand trumpet at the age of eight. He is now considered to be the greatest classical trumpet player in the world. The South Bank Show presents a portrait of this talented young Swede.
**11.50 Film: Spectre.** A flamboyant criminologist and his associate investigate Devilish goings-on in an English abbey. Starring Robert Culp (TVM 1977).
**1.35 Cue the Music.**
**2.45 The ITV Chart Show.**
**3.40 Pick of the Week.**
**4.05 Night Heat.**
**5.00 Soap.**

### CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches. 10.50 Dennis. 11.10 Round the Bend. 11.30 Dramarama. 12.00 Little House on the Prairie.

**1.00 Voyage to the Bottom of the Sea.**
**2.00 Film: Appointment in London.** Wartime drama about the fortunes of a British bomber squadron and its daredevil commanding officer. Starring Dirk Bogarde and Ian Hunter (1953).
**3.45 Paradise Lost.** The effect that tourism is having on the South Sea Hawaiian islands.
**4.15 A Unicorn in the Garden.** Animation.
**4.25 Valued Opinion.** Looking at fakes and forgeries of porcelain with Max Robertson.
**4.55 News Summary; Weather.**
**5.00 Scottish Eye** reports on a growing dispute between conservationists and landowners over the future of Highland red deer – a dispute in which the conservationists want thousands of deer killed with the estate owners resisting their demands.
**5.30 Dig.** Telfion Davies goes in search of rare specimens in South Wales and Allan Scott gives a birds-eye view of his foot-maze. Gardening magazine presented by Carolyn Marshall.
**6.00 Teenage Health Freak.**
**6.30 The Wonder Years.**
**7.00 Defenders of the Wild: Anna and the Honey-Buzzards.** A 25-year-old woman stands in the way of hunters who claim their traditional rights to shoot one of the world's most beautiful birds of prey, the Honey-Buzzard.
**8.00 Visions of Sport.** Glenda Jackson tells the story of how sport has provided art with some of the masterpieces of the Western world.
**9.30 The Thing is – Money.**
**10.00 Film: Accident.** When an undergraduate is killed in a car crash, his tutor looks back over the events that contributed to his death. Psychological drama, starring Dirk Bogarde and Stanley Baker (1967).
**12.00 Film: Yellow Earth.** A Communist soldier visits a backward village in 1939 China and tries to persuade a peasant family to abandon their traditional ways (1984).
**1.40 Close.**

### REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

**ANGLIA:**
12.25 Goals Galore. 12.50 Anglia News. 1.10 The Story of Steam. 1.55 Highway to Heaven. 2.50 A Place in the Sun. 6.35 Anglia News.

**BORDER:**
12.30 Gardening Time. 12.55 Border News. 1.10 An Invitation to Remember. 1.40 Coming of Age. 2.05 Scotsport. 5.30 Highway to Heaven. 6.35 Border News. 11.50 Football.

**CENTRAL:**
12.30 Gardening Time. 12.55 Central News 1.10 The Command. (1954) 2.55 Action Sports. 5.00 Dinosaurs. 6.35 Central News

**CHANNEL:**
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 1.10 The Wonderful World of Disney. 2.10 Ski Tips. 2.40 Cartoon. 6.35 Channel News.

**GRAMPIAN:**
12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 1.10 McCloud. 2.05 Scotsport. 5.15 Squirt Kayaks. 6.00 Scotland's War. 6.35 Grampian Headlines. 10.45 Grampian Weather. 11.50 Football.

**GRANADA:**
12.25 Close to the Edge. 1.10 Cartoon Time. 1.20 The A-Team. 2.10 Bullseye. 2.45 Taylor and McMenamy. 5.30 Coronation Street. 6.35 Granada News 11.50 Prisoner: Cell Block H.

**HTV:**
12.30 Farming Wales. 12.55 HTV News. 1.10 German Touring Car Championships. 2.00 HTV Newsweek. 2.30 Planning the Small Garden. 6.35 HTV News.

**HTV Wales as HTV except:**
2.00 Wales on Sunday.

**TSW:**
12.30 TSW Farming Week. 12.55 TSW News. 1.10 Triumph of the Nomads. 2.05 Children's Island. 2.35 Gus Honeybun's Magic Birthday 2.50 Off the Hook. 6.35 TSW News. 10.45 TSW Weather. 11.50 The Silk Road.

**TVS:**
12.30 TVS News. 12.33 Agenda. 12.58 TVS Weather. 1.10 The Wonderful World of Disney. 2.10 Ski Tips. 2.40 Cartoon. 6.35 TVS News.

**TYNE TEES:**
12.25 The Best of British. 12.55 Regional News. 1.10 Highway to Heaven. 2.10 Out of Limits. 2.20 Dinosaurs. 2.50 The Back Page. 6.35 Regional News. 11.50 Prisoner: Cell Block H.

**ULSTER:**
12.30 Gardening Time. 12.55 Ulster News 1.10 Rocksport. 1.25 Matlock. 2.25 Bullseye. 2.55 Farming Ulster. 5.30 Coronation Street. 6.35 Ulster Newstime 10.45 Ulster Newstime 11.50 The Law and Harry McGraw.

**YORKSHIRE:**
12.25 Goals on Sunday. 12.50 Calendar News. 1.10 The Spectacular World of Guinness Records. 1.35 The Command. (1954) 5.30 Animal Country. 6.00 Bullseye. 6.35 Calendar News. 10.45 Local Weather. 11.50 Scrumdown.

**S4C Wales as Channel 4 except:-**
9.30 It's a Dog's Life. 10.00 The Crystal Maze. 11.00 Voyage to the Bottom of the Sea. 12.55 Now You're Talking. 1.20 Now You're Talking. 1.45 Bwrw Misen. 2.15 San Steffan. 2.35 Equinox. 3.35 The Perfect Specimen. (1937) 5.30 Pobol Y Cwm. 7.05 Newyddion. 7.10 Saith Ar Y Sul. 7.25 Llcyrls Olsorts. 8.00 Hel Straeon. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Mwy Na Phapur Newydd. 9.50 The Third Man. (1949) 11.45 Visions of Sport.

# RADIO

## SATURDAY

**BBC RADIO 2**
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anna Robinson. 12.00 Gyles Brandreth. 1.00 Round the Horne. 1.30 I'm Sorry I Haven't a Clue. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 The Great Musicals. 4.30 Junkin's Jokers. 5.00 Cinema 2. 5.30 Music By. 6.00 Bob Holness Requests the Pleasure. 7.00 The Pasadena's Almanac. 7.30 Sounds Spectacular! 8.30 Easy Does It. 10.00 The Arts Programme. 12.05 Fred Astaire. 12.35 Night Ride. 3.00 A Little Night Music. 4.00 Barbara Sturgeon.

**BBC RADIO 3**
6.35 (FM) Open University.
6.55 Weather and News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Liszt, Beethoven and Bartok.
9.00 Saturday Review.
12.55 Words.
1.00 News.
1.05 Raphael Ensemble.
2.10 Rafael Kubelik.
4.10 Debussy Preludes.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Purcell Quartet.
7.45 (FM only from 9.25) An Affair with Numbers.
9.25 (MW only until 5.00a) Test Match Special.
9.35 (LW) The Double Standard.
9.55 (LW) Andreas Schmidt.
11.25 (LW) Mozart Through the Looking Glass.
12.00 (LW) News.
12.05 (LW) Close.

**BBC RADIO 4**
6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
6.55 Weather.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Loose Ends.
11.00 News; The Week in Westminster.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 Just a Minute!
12.55 Weather.
1.00 News.
1.10 Any Questions?
1.55 Shipping Forecast.
2.00 News; Any Answers?
2.30 Saturday Playhouse: The Labyrinth Makers.
4.00 The Art of Travel.
4.30 Science Now.
5.00 What If?
5.25 Family Fortunes.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round-Up.
6.25 Week Ending.
6.50 Ad Lib.
7.20 Kaleidoscope.
7.50 Classic Serial: The Betrothed.
8.50 Only Connect.
9.20 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Northern Lights.
10.45 For He is an Englishman.
11.00 Richard Baker Compares Notes.
11.30 The End of the Road Show.
12.00 News; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

**BBC RADIO 5**
6.00 Newsdesk.
6.30 Morning Edition.
9.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
6.00 News.
6.05 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Sport.
12.10 Close.

**WORLD SERVICE**
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; 24 Hours; News Summary. 7.30 From The Weeklies. 7.45 The Mozart Phenomenon. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics.
11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648.
2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News about Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary; Sportsworld: Final results.
5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend.
9.00 Newshour. 10.00 News; Mammy Watta. 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk.
12.30 Play of the Week: 84 Charing Cross Road. 2.00 Newsdesk. 2.30 What Do Hindus Believe? 3.00 News; News about Britain; Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 Newsdesk. 4.30 Business Review.

## SUNDAY

**BBC RADIO 2**
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Palm Court Time. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Gyles Brandreth. 1.00 Colin Berry with Night Ride. 3.00 A Little Night Music. 4.00 Steve Madden

**BBC RADIO 3**
7.00 Morning Concert.
8.30 News.
8.35 Music for the Serenissima.
9.15 The Julliard Quartet.
10.15 Music Weekly.
11.00 From the Proms 1991.
12.40 Signposts.
1.00 News.
1.05 Your Concert Choice.
2.30 Benedetto Marcello.
3.40 Poet of the Month.
3.50 BBC Scottish Symphony Orchestra.
4.45 An Affair with Numbers.
6.30 Musikalisches Abendgebet.
7.30 (FM only from 9.25pm) An Affair with Numbers.
9.25 (MW only until 5.00am) Test Match Special.
9.55 (FM) Sunday Play.
10.55 Russian Piano Music.
11.25 BBC Singers.
12.00 News.
12.05 Close.

**BBC RADIO 4**
6.00 News.
6.10 Prelude.
6.30 News; Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Weeks Good Cause.
8.55 Weather
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.45 The Beaten Track.
4.00 The Power and the Glory.
4.47 The Great Bug Hunt.
5.00 News; Down Your Way.
5.40 Personal Obsessions.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News.
6.15 The Village.
6.30 Best Behaviour.
7.00 The Desert War.
7.30 Bookshelf.
8.00 Concerts.
9.00 The Natural History Programme.
9.30 Special Assignment.
9.59 Weather.
10.00 News.
10.15 Northern Lights Festival.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News and Weather.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

**BBC RADIO 5**
6.00 Newsdesk.
6.30 Meridian Reports.
7.00 News and 24 Hours.
7.30 Sunday Edition.
9.00 Johnnie Walker with the AM Alternative
10.30 Education Matters.
11.00 News and Sport; Topolski's Travels.
11.30 A Century Remembered.
12.00 News and Sport.
12.05 Ring a Winner.
1.40 Open University: Open Forum.
2.00 Sport; Chain Reaction.
2.30 Football Extra.
5.10 Bob Hatton Rallie.
6.00 Sports Bulletin.
6.05 Mission Investigates.
6.30 Swallows and Amazons.
7.00 Sports Bulletin.
7.15 Euromix.
8.00 Paso Doble.
8.30 France Extra!
9.00 Deutsch Direkt.
9.30 Dragnet.
10.00 News and Sport.
10.10 Across the Line.
12.00 News and Sport.
12.10 Close.

**WORLD SERVICE**
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; Twenty-Four Hours; News Summary. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith. 8.15 Music With Matthew. 9.00 News; Business Review. 9.15 Short Story. 9.30 Folk In Britain. 9.45 Sports Round-up. 10.00 News Summary; Science In Action. 10.30 In Praise of God.
11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Play of the Week: Yabuhara - The Blind Master Minstrel. 1.00 Newshour. 2.00 News Summary. 2.01 Japan And The West. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News and Business Review. 5.15 Club 648. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 News and Business Review. 8.15 Londres Derniere. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Folk in Britain. 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Business Review. 11.15 Letter From America. 11.30 Japan And The West. 12.00 Newsdesk.

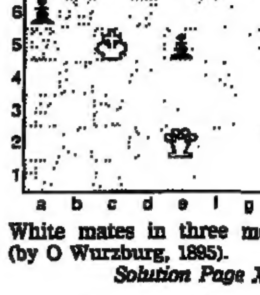
# CHESS

THE ITALIAN town of Reggio Emilia has ensured its niche in chess history by hosting the highest ever rated tournament. In a tight contest with many draws scores were: Anand 6, Gelfand and Kasparov 5½, Karpov 5, Ivanchuk, Khalifman and Polugaevsky 4½, Gurevich, Salov 4, Belyavsky 1½. When Vishy Anand beat Gary Kasparov it was Kasparov's first tournament defeat with white since he lost to Spassky at Niksic 1983.

In *How to Beat Gary Kasparov* (Batsford, £10.95) Raymond Keene suggests over-pressing is a pattern in the champion's rare losses. Kasparov was upset by his loss to Anand at Tilburg 1991 and his early queen's side castling in this game indicates a desire for revenge. But by move 15, Black's king is safer than White's, and from move 36 Anand launches a model attack with queen and rooks (G Kasparov, White; V Anand, Black; French Defence; Reggio Emilia 1991-2).

1 e4 e6 2 d4 d5 3 Nd2 c5 4 exd5 Qxd5 5 dxc5. A variant from book play. White normally allows Black to initiate the central pawn exchange. Bxc5 6 Ngf3 Nf6 7 Bd3 0-0 8 Qe2 Nbd7 9 Ne4 b6 10 Nxc5 Kasparov's idea is to exploit the bishop pair, but he cannot retain them. Qxc5 11 Be3 Qc7 12 Bd4 Bb7 13 0-0-0 Nc5 14 Be5 Nxd3+ 15 Rxd3 Qc4! 16 Nd4 Be4 17 Re3 Qxa2 18 Bxf6 Bg6! 19 Ra3 Qd5 Anand has outwitted the champion. If now 20 Be5 f6 Black regains the pawn with a good game. 20 h4 gxf6 21 h5 Qxd4 22 hxg6 hxg6 23 Rah3 f5 24 Rh4 f4! 25 Qf3 Rac8 26 Rxf4 Qc5 27 c3 Kg7 28 Rhh4 Qe5 29 g3 Qe1+ 30 Kc2 Rcd8 31 Rd4 Qe5 32 Rhf4 Qc7 33 Qe3 e5 34 Rxd8 Rxd8 35 Re4 Rd5 36 g4 b5! In spite of scanty material, Black can prise open the WK. 37 g5 Qd6 38 f3 a5 39 Qe2 Qe6 40 Qh2 Qf5 41 Qg3 Qd7 42 Qe1 b4! 43 cxb4 Qa4+ 44 b3 Qa2+ 45 Kc3 a4! 46 bxa4 Qa3+ 47 Kc2 Qxa4+ 48 Kc3 Qa3+ 49 Kc2 Rd3 50 Resigns. The winning threat is Qb3+ 51 Kc1 Rc3+ 52 Kd2 Qc2 mate.

CHESS No 906



White mates in three moves, (by O Wurzburg, 1895).

*Solution Page XVIII*

***Leonard Barden***

# BRIDGE

The hand below comes from championship teams. Here is Time is of the Essence:

N
♠ A 6 2
♥ A 10 9 7 6
♦ J 3
♣ A Q 7

W
♠ K J 8 5 4
♥ 8
♦ A 10 5
♣ K J 8 4

E
♠ Q 10 3
♥ Q 5 3
♦ K 8 6 2
♣ 9 6 2

S
♠ 9 7
♥ K J 4 2
♦ Q 9 7 4
♣ 10 5 3

With neither side vulnerable, East dealt, and after two passes West started the bidding with one spade, North doubled, East raised to two spades, South bravely bid three hearts, and North's raise to four hearts ended the auction.

West led the eight of hearts, saving the declarer a guess, and the knave won. The declarer then drew trumps with ace and king, West discarded the five and four of spades, and followed with the four of diamonds. This ran to knave and king. East returned the three of spades. Taking West's eight with dummy's ace, South led the three of diamonds to seven and 10. West cashed his spade king, and the next spade was ruffed in hand. Seeing the writing on the wall, declarer finessed dummy's queen of clubs, cashed the ace, and went one down.

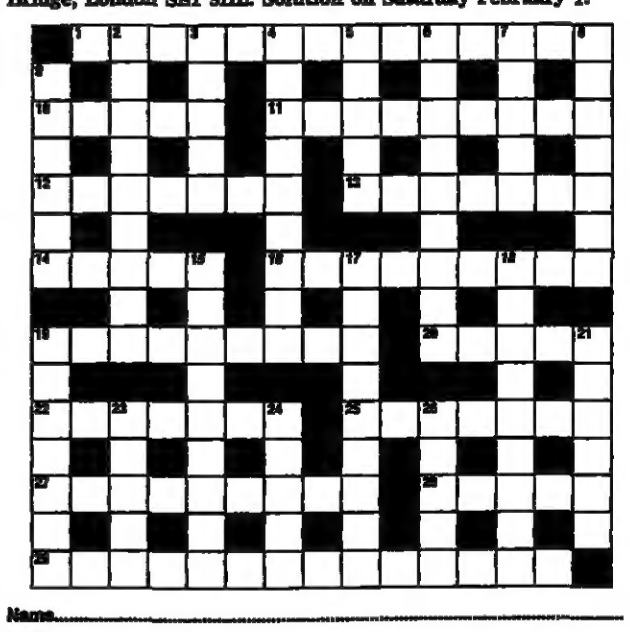
Declarer showed no sense of timing. At trick two he should lead the diamond four, East wins as before, and returns a spade to dummy's ace. The diamond three runs, as before, to the seven and 10, and West cashes the spade king. But when South ruffs the next spade, he is in complete control. He plays his diamond nine, the ace covers, and dummy ruffs. Now South draws the outstanding trumps with ace and king, and then leads the established diamond queen, on which dummy's seven of clubs is discarded. Now the queen of clubs is finessed, and dummy is good. That such lack of technique should occur at championship level is hard to believe.

***E.P.C Cotter***

# CROSSWORD

## No. 7,750 Set by CINEPHILE

**A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday January 29, marked Crossword 7,750 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday February 1.**



Name.................................................

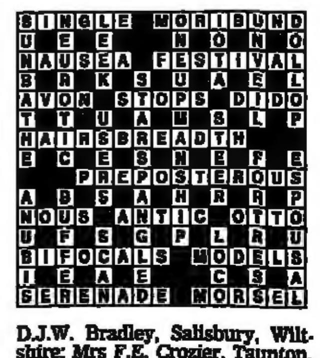
Address.................................................

**ACROSS**
1 Indirect but detailed effect of standing around? (14)
10 Arbitrator having it to do in dry dock? (5)
11 Little bird first before a hundred others (9)
12 Quality of mayors, half of them held by party discipline (7)
13 Part of aircraft in a small room in the north-east (7)
14 Fish first found in lake (5)
16 Accepted view of gold, even if shortly given to wench (9)
19 Crushed emery drink for an opera composer (9)
20 Big feet in call for attention (5)
22 Person for job at pit gets one upset about it (7)
25 Paint or distemper is poison (7)
27 Go to the country, wanting quiet to be returned in deception (9)
28 Table top for subsidiary areas, we hear (5)
29 Study of early man: they all go ape on being exposed (14)

**DOWN**
2 Hospital in tree with girl (9)
3 Song with a snag (5)
4 Loudspeaker used by compiler with hole to sharpen (9)
5 Clew out of Catalonia (5)
6 Cravat with which to have close contact with the clergy? (9)
7 I'm a businessman without a fault (5)
8 Chance for last year's leaders to capture beast of prey (7)
9 Plant lifter has let-up without fuss (6)
15 Like a swallow? Hello, hurry up and eat (9)
17 Hellish Scots design covers most of area (9)
18 Children on holiday early in the year? (9)
19 Sacred word uttered quietly to catch poacher (7)
21 There goes Rodney! (6)
23 Doctor takes part of Sultan in Iraq (5)
24 Nice old Bill? (5)
26 Mutineer born during dance (5)

**Solution to Puzzle No.7,749**


**Solution and winners of Puzzle No.7,738**




D.J.W. Bradley, Salisbury, Wiltshire; Mrs F.E. Crozier, Taunton, Somerset; K. Dixon, Hutton, Essex; A. Drinnan, Williamsville, New York, USA; Mrs H.E. Pank, St Briavels, Glos.

# Vote for double-digit inflation!

***John Willman** says Labour does not need big ideas to win the election*

I FIND it hard not to feel sorry for Neil Kinnock. Whatever he does, he cannot please his critics.

He has spent the past nine years purging the Labour party of ideology. Out have gone unilateral nuclear disarmament, nationalisation of the top 200 monopolies and free television licences for pensioners. In have come reams of worthy papers setting out plans for making the trains run on time, tightening company law and improving reading standards in schools.

The result? Kinnock's critics say that he lacks a "big idea," that no one knows what he stands for.

Newspapers which used to declare Labour unelectable because of its policies now claim that it cannot be trusted for changing them.

Personally, I think that Labour needs a big idea like it needs a hole in the head. After 11 years of Thatcherism, I am sure that *not* having an axe to grind is worth a few million votes.

But Labour does need to assemble a few simple themes which give people something to latch on to. I cannot be the only voter who is unclear about just how life would be different under a Labour government. So, in the spirit of improving what looks otherwise to be a lacklustre election campaign, I offer three election-winning policies for an ambitious prime minister-in-waiting.

The first is to bring back double-digit inflation at the earliest opportunity. Since it will almost certainly happen under a Labour government, anyway, Kinnock might as well claim the credit for its beneficial effects now.

*Weekend FT* readers who are owner-occupiers will need little reminding of those beneficial effects. Rising nominal house prices shrink away mortgage debts, avoiding the sort of misery caused by the present decline in house prices.

They make people feel good. They make people spend money which creates jobs. And since most people get pay rises in excess of inflation (or are on index-linked benefits), burdensome mortgage payments swiftly dwindle away to affordable proportions.

Indeed, I predict that the double-digit inflation rates of the 1970s will soon join regional railway companies and learning by rote on the political nostalgia Top Ten.

My second election-winner is a promise to bring back the grammar schools and direct grants. This would be hugely popular – their abolition provoked widespread "save our schools" campaigns because of the esteem they enjoyed locally.

It would also be recognisably a socialist policy. Parents who can afford it now buy a grammar school education for their children from the independent schools. Children whose families cannot afford the fees are denied the quality of education which the grammar schools provided.

I cannot be the only voter who finds this unacceptable in a society which claims to offer equality of opportunity. It is also a waste of talent if children from working-class families find it harder to get into tertiary education.

My third suggestion is a confiscatory inheritance tax extended to include all lifetime gifts.

I would exclude gifts and bequests between husband and wife, as at present. And I would introduce complete exemptions for small businesses so long as they remained in the family – to encourage the development of a *Mittelstand* on German lines.

But I would rake off anything else other than a few thousand pounds of gifts and bequests and the cost of a decent burial. The proceeds of such a tax would allow Labour to give every 18-year-old an endowment of £10,000.

To stop them spending it all on sex, drugs and rock'n'roll, this endowment would be encashable only for a limited range of uses.

At the top of the list would be vocational training and higher education (a beneficial side-effect would be that universities would then get their income from their students, not the state). It could also be used to buy a house, start up a business or for long-term investments – with provisions to stop it being cashed in.

A massive step towards greater equality of opportunity, it would empower young people to make real choices about their lives. It would also be in sharp contrast to the Conservatives' plans to reduce inheritance tax, which could be lampooned as encouraging the sons and daughters of the rich to become idle layabouts.

So, there we are. Three unbeatable policies – and none of them costs a bean in extra spending. Is anyone listening out there?

Private View

# Portrait of the artist as moral campaigner

"EITHER I'M mad, or I do have a point," said Victoria Gillick. She was sitting in the scruffy living room of her house, rubbing her arms and explaining why she campaigns against sexual licence.

"I am under no illusion that what I am doing is fruitless. But it has to be done. It's a war of attrition. In the end, even if I did nothing the thing would resolve itself – because history always does."

Victoria Gillick has the single-minded boldness of the revolutionary. Her enemy is the Progressive Establishment, which she sees as a conspiracy of social engineers with discredited theories who are undermining parents and damaging their children.

Although she claims the support of a silent majority she runs no organisation. Consequently, she has left herself, her artist husband Gordon and their ten children vulnerable to derision, abuse and the obsessive attention of the prurient Press.

I travelled to the foggy fenland town of Wisbech where the Gillicks live after reading last week that Mrs Gillick had reported the head doctor at the Brook Advisory Centre in Birmingham to the General Medical Council.

She alleges that the clinic is flouting a 1985 ruling of the Law Lords in a famous case which she herself brought that only in exceptional circumstances could doctors give contraceptive advice or treatment to girls under 16 without their parents' consent.

Victoria Gillick is not quite the militant earth-mother I had expected from reading her book, *A Mother's Tale*, an apologia by turns trenchant and sentimental. I found a strong, feminine woman, gentle-voiced with a husky laugh. Occasionally her eyes had the fey look one imagines in a Thomas Hardy heroine. She was serious enough, but her suspicion of me and my trade made her skittish.

Her first explanation of her motives came as a surprise. She said it was her training as a painter.

"I've often worried why one felt so ill at ease in this society, and I can only think it's for the same reason as someone like Mary Whitehouse (the veteran broadcasting campaigner). She, too, was art trained.

"All your instincts are to try and make harmony and order and sense. All one's training is for that purpose. I feel ill at ease when I find the moral images, the way people behave, out of kilter. The colours are wrong, the balance has gone, the composition is all out."

I ventured to suggest it was more psychological than that – perhaps to do with the fact that her own parents separated.

She would have none of it. "That's what the *New Statesman* said. They said I actually didn't like children: that's why I went on having lots and lots of them, to try and demonstrate that I *did* like them."

Wife and husband are Catholics, and Gordon – a strong-minded and articulate man – appears to support his wife on every point. They told me that as Catholics they belonged to a critical, non-conformist, tradition more truly English than Protestant puritanism. They are proud to be non-joiners, outsiders, who have no social status and therefore none to lose.

Isn't it moral or religious fervour that drives you?

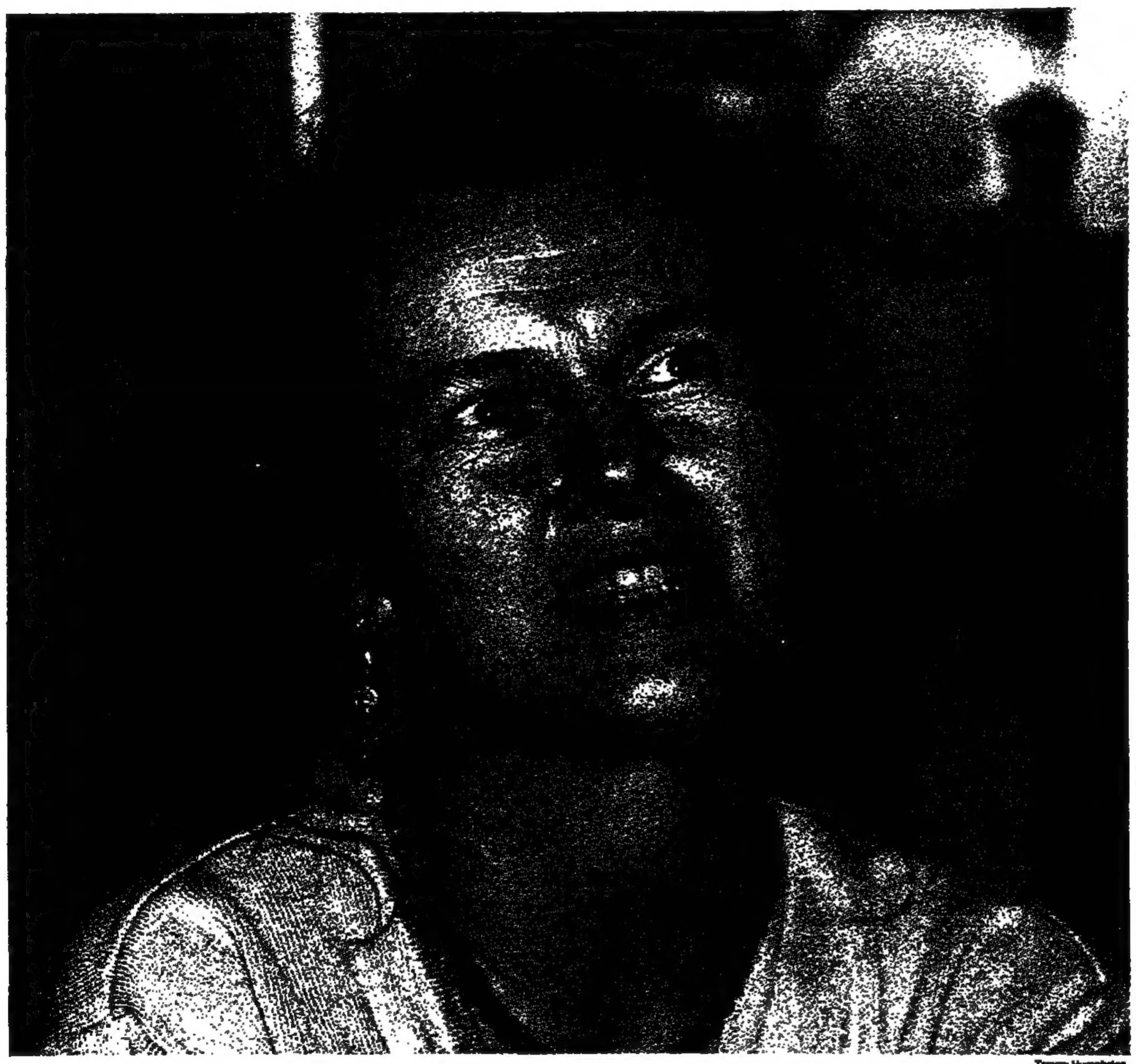
"No", she said, quietly. "I have a strong faith, but I'm not a very good Christian. I'm a practising Catholic, but I'm not a very good one."

What is it that you're bad at?

"That's my business." Then she conceded: "It's not believing in God that's difficult, but day-to-day living."

I pressed. You could be seen as some sort of religious nutter, couldn't you?

"Well, only because for some reason or other we tolerate journalists exposing their own religious prejudices, to the extent that I am always referred to as 'a Roman Catholic mother-of-ten.' I have a theory that this is what one person referred to as up-market, middle-class Paki-bashing. I notice that when Enoch Powell brought in his Embryo Bill nobody ever referred to him as an Anglican father-of-two. That would have been an insult against the monarchy, an attack on the State itself."



Trevor Humphries

I suggested that it was disingenuous of her not to recognise that being a Catholic and against artificial contraception had got something to do with it.

"It's not got something to do with it for me. It might for those who look on."

Where does your being a Catholic come into this?

"The Catholics are used to being at the sharp end of moral issues. They have a history and tradition of radicalism. I believe that the individual conscience has to take precedence over everything."

Aren't you asserting your views at other people's expense?

"Yes. But that is my democratic right. There's nothing wrong in that. People only think you are exerting your views over them when they disagree with you.

"I have not introduced any law allowing the unborn to be destroyed. But for criticising politicians for introducing that law I am called undemocratic. I haven't taken away anybody's life. You see, it's a peculiar reversal. If I criticise doctors for doing something, they ask by what right do I try and impose my views on them. But they are already actually doing the thing."

Are you a self-appointed champion?

"I don't even think in terms of champion. This is journalese."

You tell me what you call it.

"I call myself a ratcatcher, actually."

You do it with distaste?

"No. That's not true."

How is it, then?

"Like, I believe, some men feel when they are in the heat of battle. They don't do it with distaste, they do it because it's a job that's got to be done.

"I just get so boiled up and angry that other people should have an opportunity to promote their views in the papers and I can't be heard when mine is as valid as theirs.

*Victoria Gillick is a single-minded self-appointed campaigner against sexual licence and the Progressive Establishment. She explains her views to **Christian Tyler***

"I'm a big mouth that speaks for other people. The media need a voice. I'll be the voice. I'm only sad when they try to hit the person behind the voice, or, even worse, hit the children of the person behind the voice. That's when I wonder whether it was worth it."

You feel the family has paid too high a price?

"I know the family's paid too high a price."

In what ways?

"Exposure. The feeling of being tailed, dogged, taunted by the media."

Do you lie awake at night?

"Only when the children have suffered. I do consider that grossly unfair that women who have children can be shot down through their children. Men are protected. Politicians are not attacked for that."

Half-way through the interview, Victoria Gillick broke off suddenly and said: "Here comes scum on legs." She had seen a *Sun* reporter crossing the road. A photographer waited in the car. "They hang about for days. Then you get the telephoto lens on the house, day after day after day. You end up having to shut the shutters up. You can't go out. What a disgusting job to do." She laughed bitterly.

I turned to the subject of her opponents, suggesting that they, too, might be well-intentioned ratcatchers. No, she said. Her targets were not doctors and other professionals but "those who are actually creating policy. They know precisely what they are about."

Why are they doing it?

"I don't know. I know *I* am following the Ten Commandments. I don't know what they are following."

When you meet them don't you find well-meaning people who have just got it wrong?

"No – and I am not just saying this – I feel like some kind of rumbustious anarchist. I feel like someone who's alive. They always strike me as being intensely puritanical.

"That is a peculiarity about people who are intensely involved in sexual matters, which I'm not, funnily enough. I'm just an observer. They always strike me as cool to the point of being semi-dead – the most inappropriate people to talk about these subjects to youngsters. Curious.

"If I showed you some of the books they've written, you'd say they must be really raunchy, I mean they must be Wow! Then you meet them and they're the most tight, quiet, intense little people. And you think they actually don't like their own bodies.

"I get the feeling they don't like procreation. There's something that disgusts them. They're the first to condemn me for having ten children, as though I had committed some heinous sexual sin. They've been thrown into a *dilemma*: they've said because I'm a Catholic I have most terribly repressive ideas about sex, and then they say 'she's a sex maniac because she's got ten children.' They can't sort it out."

Why did you have ten children?

"I'm very good at having children. In the past women couldn't easily have them. This is a golden age for having children. I wanted lots of children."

She denied that any special sacrifice was involved. If the family was relatively poor, that was because as artists she and her husband were "not very good at earning a living."

"I consider that we live very well, because we live in a big house, though by most people's standards probably battered and dirty. But we are energetic about it and Gordon can build and make things. And what we prize – anyone with a large family would prize - is a certain degree of space and time with the children."

It wouldn't suit everybody, I said.

"No. It's your free choice. My choice was to have children."

I suggested to her that people would inevitably judge her by her children, five girls and five boys, ranging from 23-year-old Ben to nine-year-old Clemmie.

"Well, they misunderstood me. I brought the case against the government not because I thought that I was inviolate – one or two of the judges misunderstood this too – but because I felt as vulnerable as everybody else."

Parents, she said, were exceptionally vulnerable. "They don't have any trade union to defend them. A parent can end up in court far faster than a doctor can or a teacher. I've always believed that being a parent was not a difficult job provided others in the community supported it." Only a minority, she argued, had abdicated to the extent that state intervention was needed.

Victoria Gillick thinks she will be proved right in the long run, like those who have campaigned against environmental pollution. "In time we will look back on this age, in which we drugged women, daily drugged them, in order to make them infertile, as insane.

"What people do is between them and their Maker. All I know is that what contraception was supposed to cure it hasn't cured. There is the same poverty. It hasn't improved living accommodation. It hasn't made men more caring and thoughtful and responsible towards their wives. When anything goes wrong with the relationship they simply walk away."

She thinks we have not yet recovered from the shock of two world wars and an acceptance of then-necessary state intervention and mobilisation. "People have not learned really how to assert themselves."

Moral teaching had been forgotten. "Your average youngster doesn't know what you are talking about when you talk about traditional Christian behaviour. They don't know where they have gone wrong. It's tragic. It's like looking at people who are sitting down to a complicated game of chess, and though they know the general idea is to enjoy yourself and to win something at the end of it, they haven't got a clue what the rules are. They are what has been called technological giants and moral pygmies.

"Being of an older tradition than the humanist, I am not surprised to find, when you legislate against the Ten Commandments – which are so very simple and basic to the smooth running of society – that you end up with an epidemic of killing disease, a level of rape and child abuse and the general dishonesty that we have.

"Why did we have the Ten Commandments in the first place? We don't impose such things to make life difficult, but to make life easy. The government has tried to make life easy. It's in fact made it very, very difficult."

Victoria Gillick may never see the code she lives by legislated back into our secular state. But the moral tide may, after all, be turning. Shortly after meeting her I read that Marks & Spencer was withdrawing some children's clothes after complaints that they were sexually provocative.

Victoria Gillick is not mad. Personally, I *think* she has a point.

# Machiavelli's view of John Major

HERE AMONG the congested news offices at Westminster, the Tory and Labour skirmishing is looking too seraphic and scrappy.

Attempts to seize the "political initiative" blur in my mind. Who is more dedicated to public transport? Malcolm Rifkind, transport secretary, or his brash shadow, John Prescott? Which party is more enthusiastic about the National Health Service?

It is time for someone to inject a little order, devilish malice and ruthlessness.

Niccolo Machiavelli, the earliest and so far unsurpassed political commentator, must have felt similarly frustrated as he penned a note to The Magnificent Lorenzo De Medici, Duke of Urbino in the 16th century, on his new book, *The Prince*.

Like him, my humble status as a political observer instills a sense of awe. The likely ferocity of the 1992 UK election campaign would impress a Borgia, in vindictiveness if not debauchery. Election press conferences will start at 7.15am to hit breakfast TV. Insults will flow like water. But awe should not stop pundits preaching to the potentates.

As Machiavelli wrote: "Just as men who are sketching the landscape put themselves down in the plain to study the nature of the mountains and the highlands... so, to comprehend fully the nature of the people, one must be a prince, and to comprehend fully the nature of princes one must be an ordinary citizen."

Machiavelli's writing plays heavily on the baser human motives, to which only the reckless of political leaders would admit. There are handy election tips. But burn this article after reading.

*The Prince* is most applicable to Tories, partly because it is about holding or consolidating power. Machiavelli himself was an unreconstructed Conservative. Socialism and liberal democracy were not big swingers in turbulent late medieval Italy.

Parts could have been written by the Treasury. A Prince spending generously "will soon squander all his resources only to be forced in the end, if he wants to maintain his reputation, to lay excessive burdens on the people, to impose extortionate taxes," Machiavelli warns. "This will start to make his subjects hate him."

John Major is tilting in the wrong direction, positively boasting about the amounts being spent on the NHS. Such largesse will eventually backfire. There needs to be less of this "honest guy" image. It may have brought credit in Major's first year as prime minister, but callousness will bring still greater dividends. "A prudent ruler cannot, and must not, honour his word when it places him at a disadvantage and when the reasons for which he made his promise no longer exist."

Major needs to stamp authority on his cabinet. Men must either be pampered or crushed if a Prince is to survive. Rifkind described the row among ministers over rail privatisation as cabinet government "working properly". Machiavelli is spinning in his grave.

What lessons are there for the usurpers, Kinnock and Ashdown? Machiavelli does not say how power is seized. But the best tactics must be to play to the incumbent's weaknesses. Outbid his prowess and promises. Lie liberally. It may not win an election, but it would inject of bit of demonic fun into my job.

**Ralph Atkins**

# Brown: a dark horse

***Michael Thompson-Noel***

AS CHANCE would have it, January 18 is the one day a year when I observe a ban on jokes about bookmakers. In my experience bookies are such a grasping, conniving group that it is fair to make jokes about them throughout the year, particularly if you understand the slick mechanics – the immensely profitable maths – of their parasitic business.

But on January 18 I hold myself in check and tell myself: no bookie jokes. However, sticking to the ban is difficult. For example, this week I have been fossicking for value among the bookies' quoted odds on the UK general election. But my rummaging has been rebuffed. I rang one of the Big Three bookmakers. I won't say which one, except that its name includes an *L*, an *a*, a *d*, a *b*, an *r*, an *o*, a *k* and an *e*. The odds it quoted were as follows: Conservatives 5-6, Labour 5-6, hung parliament 1-2.

You do not need a degree in cosmography to see that those odds are just a tiny bit cramped: an exemplum of the difficulty of locking horns with the bookies.

What you should do when you see odds like those is walk away. So I did. I walked into Mayfair, to the home of my friend Jack Hillbrooke, Europe's richest bookmaker. You may not have heard of Jack. I am the only reporter he ever sees, which is why I am privy to most of the schemes cooked up by Jack and his North Korean-built computer, GREENGOD-VI.

Jack was away. He is negotiating the formation of a chain of betting shops in Croatia and Slovenia. But Boris, Jack's minder, was there. Boris is ex-KGB. He invited me in and ushered me upstairs, into the perpetual video night-time (banks of computers, flashing TV screens) of Jack's private office. The only painting in the room is an incandescent nude by Piero Bellotti.

I admired the painting, then passed through an unmarked door into a carnation-coloured room

**HAWKS & HANDSAWS**

where GREENGOD-VI lives. (Of course he lives there. He has a mind. He passes all Turing tests with scandalous ease. In addition to a mind he also has a lisp, though it is a bit like mine: virtually undetectable except in showery periods).

"Hi, GREENGOD," I said.

"Hi, Mike," he said, flashing his coloured lights and greeting my arrival with an improvised version of the theme from *ET*. "How is your luck?"

"Not good," I said. "The horses are killing me. I've been losing since Boxing Day. *Flick-flick, snick-snick.* I am bleeding, GREENGOD. I can't adjust to changes in the going." (Among thousands of subjects, GREENGOD-VI is an expert on climatological change and the problems for horseracing, such as ruptured form lines, posed by global warming).

"I'll see what I can do," said GREENGOD-VI.

"Otherwise," I said, "I've been trying to find value in the election odds, but they are horribly cramped: 5-6 the Tories, 5-6 Labour, a hung parliament at 1-2."

"Flaky," agreed GREENGOD-VI. "Have no twuck" (I imagine he meant truck). "What you must do is look for value in the odds quoted against the name of the prime minister at the *end* of the year. That ought to be fun. Also profitable. How much do you want to win?"

"£2m."

There was silence for a moment while the computer played with his lights, absent-mindedly composing a tone-poem of indigo, cobalt, coral and malachite. Then he started to hum *ET* again. I knew he was happy.

"The trouble is," I said, "that the bookies, *again*, are being ultra cautious with their prime minister odds. There may be two general elections. Possibly three. There could be fighting in the streets. Or else a riot of apathy. Either way, predicting who will be PM at the end of the year is not an easy task. But can I get satisfaction? I phoned *L.a.d.b.r.o.k.e.* They were charming but quivery, shook like jellies. They said that computing these odds was extremely difficult. Finally, they offered 5-6 John Major, 5-6 Neil Kinnock and 10-1 anyone else."

"Flaky," agreed GREENGOD-VI. "Have no twuck. The man you should concentwate on is Gordon Bwown."

"The shadow trade secretary?" I said. "Labour's secret weapon? The man famous for his ability to cheer up a room just by leaving it?"

"You are out of date, Michael. They've been working on Gordon Bwown. As you know, I monitor every TV channel in Europe. I have been studying him closely. Gordon Bwown is now *smiling*. That is a singular development. The other night on *Channel 4* he smiled at Michael Heseltine. Smiled, and then rubbished him. Absolutely singular. If you shop awound you'll get 20-1 against Gordon Bwown. Then you could move to Tawoudannt. In return, you'd take me with you. Just think what we could do."